

Date Received : July 2026
Date Revised : September 2026
Date Accepted : September 2026
Date Published : September 2026

THE INFLUENCE OF GOOD CORPORATE GOVERNANCE ON EARNINGS QUALITY WITH FINANCIAL PERFORMANCE AS A MEDIATING VARIABLE FROM THE MAQOSHID SHARIAH PERSPECTIVE

Ika Rarawahyuni¹

STEI Al-Ishlah Cirebon, Jawa Barat, Indonesia (ika.rarawahyuni16@gmail.com)

Ika Maghfiroh

STEI Al-Ishlah Cirebon, Jawa Barat, Indonesia

Keywords:

Earnings Quality;
Financial
Performance; Good
Corporate
Governance;
Maqashid Syariah

ABSTRACTS

This study examines the effect of Good Corporate Governance (GCG) on earnings quality, with financial performance as a mediating variable from the perspective of Maqashid al-Shariah. Using a quantitative approach, this study analyzes secondary data obtained from the annual financial reports of 10 Islamic commercial banks in Indonesia over the 2019–2023 period. The data were analyzed using Structural Equation Modeling–Partial Least Squares (SEM-PLS) with WarpPLS version 8.0. The results indicate that GCG has a positive and significant effect on earnings quality (path coefficient = 0.36; p-value = 0.04), while financial performance also has a positive and significant effect on earnings quality (path coefficient = 0.35; p-value = 0.03). Furthermore, financial performance partially mediates the relationship between GCG and earnings quality from the perspective of Maqashid al-Shariah, as indicated by a path coefficient of 0.140 and a p-value of 0.098, with a Variance Accounted For (VAF) value of 48%, indicating partial mediation. This study contributes to the literature by integrating the Maqashid al-Shariah perspective into the relationship between GCG, financial performance, and earnings quality, thereby offering a more comprehensive understanding of corporate governance in Islamic banking. The findings suggest that Islamic banks should strengthen the implementation of GCG to improve financial performance and earnings quality, while regulators are encouraged to incorporate Maqashid al-Shariah principles into governance frameworks.

¹ Correspondence author

A. INTRODUCTION

Islamic banking has become an important part of the financial system. Providing financial services based on Sharia principles offers an option for those seeking Islamic-compliant services and demonstrates progress from a global economic perspective (Zaenul Wahyudi, 2026). Islamic banking faces numerous challenges, requiring all sectors to innovate and improve the economic and banking systems in accordance with Sharia principles. (Putra, P. P., & Febriati, 2022)

Financial statements reflect a company's condition and present a variety of important information, one of which is information regarding profit. In PSAK No. 1, profit is used to assess and measure changes in a company's ability to manage resources, particularly financial resources that can be controlled in the future. Furthermore, profit also reflects cash flows from existing resources and helps assess the company's operational effectiveness. Therefore, profit serves as an indicator of a company's success or failure in achieving its operational goals. (Siti Nurlatifah, 2026)

The development of Islamic banking profits in Indonesia over the period 2019 to 2023, divided into two categories: Islamic Commercial Banks and Islamic Business Units. For Islamic Commercial Banks, there is a clear upward trend in profit growth over the years. In 2019, profits stood at IDR 5,598 billion and slightly declined to IDR 5,087 billion in 2020. However, from 2021 onwards, a significant increase is observed, reaching IDR 6,224 billion in 2021, IDR 9,586 billion in 2022, and peaking at IDR 10,247 billion in 2023. (OJK, 2023)

Meanwhile, Islamic Business Units also show a positive trend in profit growth, although on a smaller scale compared to Islamic Commercial Banks. In 2019, profits amounted to IDR 1,328 billion and rose to IDR 3,247 billion in 2020, continuing to increase to IDR 4,204 billion in 2021. A slight decline occurred in 2022 with profits at IDR 3,817 billion, but this was followed by another increase in 2023, reaching IDR 4,607 billion. Overall, the chart reflects a positive trajectory in Islamic banking profits, particularly for Islamic Commercial Banks, which have shown a substantial increase over the last five years. Profit also serves as a metric used by internal and external parties to make decisions about a company's performance. Investors, as external parties to the company, often consider profit as a factor when investing in a company with the goal of achieving a quick return on investment and timely and substantial dividend payments. (OJK, 2023)

Good Corporate Governance (GCG) is a system that functions to regulate and control the creation of added value within a company. Based on its principles, GCG is intended to serve as a guide for executives in implementing optimal corporate governance (Badawi, 2024). One indicator of an organization's success in achieving its goals effectively and efficiently is its financial performance. Improved financial performance reflects increased company value. (Hidayat et al., 2026)

Investors will consider profit information before making investments. This is because information about earnings can help them predict future situations (Suaidah, 2017). Earnings quality is considered a crucial component in evaluation materials because it is used to measure a company's performance, as investors expect quality earnings.

One previous study that examined this issue was the research conducted by Linda Fauzua Mahromatin dkk, (Mahromatin et al., 2023) entitled "The Influence of Good Corporate Governance on Firm Value with Stock Returns and Financial

Performance as Mediating Variables" The results showed that Good Corporate Governance and Financial Performance positively affect Firm Value, while Stock Return negatively affects Firm Value. Good Corporate Governance positively influences Financial Performance but negatively affects Stock Return. Stock Return cannot mediate the relationship between Good Corporate Governance and Firm Value, whereas Financial Performance can. These findings highlight the importance of governance practices to enhance firm value through financial performance.

Based on the background and previous research findings outlined above, the researcher is interested in discussing and developing this issue into a research title: "The Influence of Good Corporate Governance on Earnings Quality with Financial Performance as a Mediating Variable from the Maqashid Shariah Perspective"

Literature Review

Sharia Banks

Sharia banks are financial institutions that operate based on Islamic sharia principles, particularly in muamalah (religious transactions), namely transactions that comply with Islamic law. In practice, Sharia banks avoid usury and replace it with a financing system based on business or trade results (Arafah et al., 2023). Sharia banks are of two types: Sharia Commercial Banks and Sharia Rural Financing Banks. The sharia principles that underlie these banks' operations refer to Islamic law and are established through fatwas from authoritative sharia institutions. (Frena Fardillah, Ika Rarawahyuni, 2021)

Sharia banks function as intermediaries and provide credit or financing to individuals in need. To obtain funds, banks charge interest (conventional banks) or profit sharing (Sharia banks). Bank revenues are transferred to the fund owner. (Sahri et al., 2024)

According to the Financial Services Authority (OJK), Sharia banks have been integrated into the national banking system. The Indonesian Ulema Council (MUI) recommended the establishment of Sharia banks in 1990. In 1992, Law No. 7 concerning Sharia banking regulated interest and profit sharing. Law No. 10 of 1998, which regulates the dual banking system, Law No. 23 of 1999, which regulates monetary policy based on Sharia principles, Bank Indonesia regulations of 2001, which regulate bank institutions and operations based on Sharia principles, and Law No. 21 of 2008 concerning Sharia banking, were enacted in 2008. (Frena Fardillah, Ika Rarawahyuni, 2021)

Good Corporate Governance

According to the Cadbury Committee, Good Corporate Governance (GCG) is a set of principles that serve to direct and control a company to create a balance between power and responsibility, while ensuring corporate accountability to stakeholders. Meanwhile, according to the Organization for Economic Co-operation and Development (OECD), GCG is a system of good and transparent corporate governance. This system is designed to regulate and monitor a company's business activities, including the relationships between stakeholders such as shareholders, the board of commissioners, the board of directors, and other stakeholders. The World Bank defines GCG as a set of rules, policies, and principles that must be followed to encourage the efficient use of company resources and create long-term economic value for shareholders and the wider community. (Harinuridin & Safitri, 2023)

Bank Indonesia Regulation No. 11/33/PBI/2009 regulates corporate governance with the aim of increasing competitiveness and developing a concept based on openness, accountability, professionalism, and fairness. This system also regulates parties with interests in the company, such as the Board of Commissioners, the Board of Directors, and the Sharia Supervisory Board (M. Ikhwanul Huda, 2023). In this study, good corporate governance was measured using the Board of Directors and the Sharia Supervisory Board.

According to Bank Indonesia Regulation Number 11/33/PBI/2009, GCG principles must combine the following principles: openness or transparency, accountability or accountability, independence or independence, fairness or justice, and finally, responsibility or responsibility. (M. Ikhwanul Huda, 2023)

Islamic bank financial reports

Islamic bank financial statements are documents that present information on the financial position, operational performance, and cash flows of Islamic financial institutions over a specific period. Unlike conventional banks, Islamic bank financial reports are prepared based on Shariah principles and comply with Shariah accounting standards such as PSAK Syariah and AAOIFI (Citra Puspa Permata, 2026). The structure of these reports includes the statement of financial position, income statement (surplus/deficit), statement of changes in unrestricted investment funds, zakat and charity funds, cash flow statements, and notes to the financial statements. All transactions are based on Shariah contracts such as murabahah, mudharabah, musyarakah, and ijarah, thus avoiding elements of riba (usury), gharar (uncertainty), and maysir (gambling). (Lismawati Hasibuan et al., 2023)

These financial statements serve not only as performance reporting tools but also as a form of accountability in ensuring Shariah compliance. Transparency and accountability in financial reporting are crucial for maintaining public trust in the Islamic financial system. Furthermore, these reports reflect the bank's commitment to the objectives of Maqashid Shariah, which aim to preserve religion, life, intellect, lineage, and wealth. In this context, the Shariah Supervisory Board (SSB) and Shariah audits play a vital role in ensuring the integrity and conformity of financial reporting with Islamic principles. (Winarsih & Sisdianto, 2024)

Maqasid Sharia

Maqasid Sharia serves as the basis for assessing whether an action, policy, or financial product aligns with the objectives of Sharia. Religion, life, intellect, progeny, and property are the five main components of Maqasid Sharia that must be protected and championed. It is hoped that the implementation of Maqasid Sharia in banking practices will increase public trust in Islamic banks and result in increased profits. (Abdul Fattah, 2024)

Maqasid Sharia consists of three main categories: safeguarding religion (deen), safeguarding the soul (nafs), and safeguarding the mind (aql). The purpose of implementing these principles in Islamic banking is to ensure that the goods and services sold not only generate monetary profits but also generate social and economic benefits for the community (Alwi et al., 2022). found that Islamic banks that integrate Maqasid Sharia into their operations tend to achieve higher levels of profitability.

The purpose of Maqasid Sharia is to benefit the community through the implementation of Islamic banking practices. Maqasid Sharia has five main objectives:

preserving religion, life, intellect, progeny, and wealth. The application of Maqasid in banking can be seen in banks' efforts to support social initiatives, support small and medium enterprises (SMEs), and provide fair and transparent services to customers. Applying Maqasid principles can contribute to local economic growth. (Febriadi, 2017)

In Bank Indonesia Circular Letter Number 12/13/DPbS concerning the implementation of Good Corporate Governance for Islamic Banks (BUS) and Islamic Sharia Business Units (UUS), eleven factors are considered in assessing GCG implementation for Islamic Banks : (Budiman, 2016)

- 1) Implementation of the duties and responsibilities of the Board of Commissioners;
- 2) Implementation of the duties and responsibilities of the Board of Directors;
- 3) Completeness and implementation of Committee duties;
- 4) Implementation of the duties and responsibilities of the Sharia Supervisory Board;
- 5) Implementation of Sharia Principles in fundraising and disbursement activities, as well as service provision;
- 6) Handling conflicts of interest;
- 7) Implementation of the compliance function;
- 8) Implementation of the internal audit function;
- 9) Implementation of the external audit function;
- 10) Maximum Fund Disbursement Limit; and
- 11) Transparency of the BUS's financial and non-financial conditions, GCG implementation reports, and internal reporting.

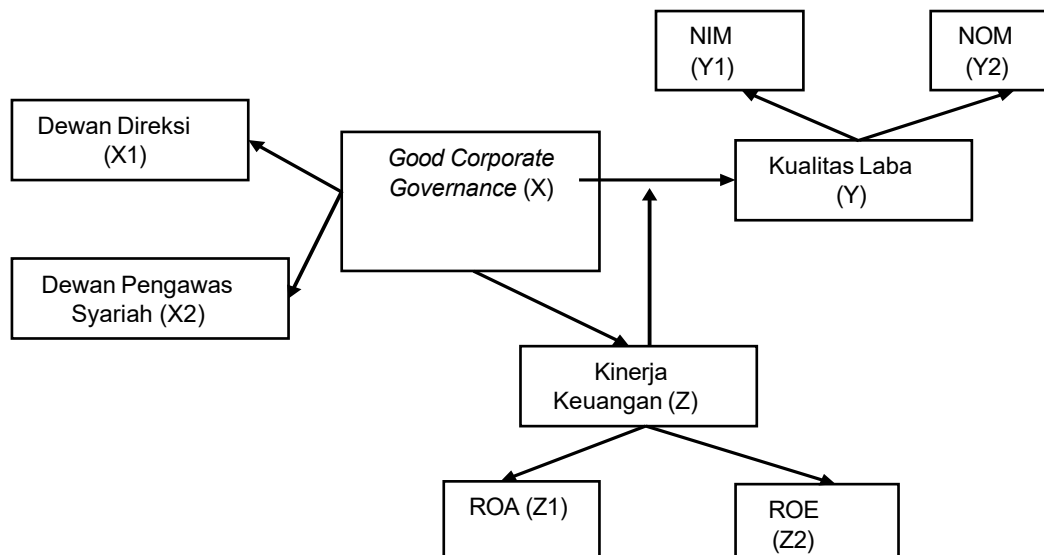
Table 1
Maqashid Syariah Index which has been adjusted to the GCG measurement of Islamic Commercial Banks

Concept	Dimension	Element
<i>Hifdzu ad-din</i>	Shariah compliance	Independence and implementation of DPS duties
<i>Hifdzu an-nafs</i>	Implementation of sharia	Implementation of sharia principles and responsibility
<i>Hifdzu al-'aql</i>	Advancing knowledge and knowledge-based policy	Completeness of transparency and report accountability Implementation of duties and responsibilities of the board of commissioners, directors, and committees
<i>Hifdzu al-mal</i>	Financial performance control	Implementation of audit compliance function and independence
<i>Hifdzu al-nasl</i>	Regeneration interest Maintaining sustainability	Implementation of sharia principles, trusteeship (<i>amanah</i>) Risk management

Source: Circular Letter of Bank Indonesia Number 12/13/DPbS

Research Framework

The framework of thought in this study is described as follows:



Research Framework (Source, 2025)

B. METHOD

This study employed quantitative research with a sample size of 10 Islamic commercial banks that provided financial reports and annual reports for the 2019-2023 period. The data were analyzed using SEM-PLS (Structural Equation Modeling-Partial Least Squares) analysis techniques using WarpPLS software version 8.0.

The variables used in this study include endogenous variables, namely Earnings Quality (Y), proxied by Net Interest Margin (Y₁) and Net Operating Margin (Y₂). Furthermore, there is an exogenous variable, namely good corporate governance (X), proxied by the Board of Directors (X₁) and the Sharia Supervisory Board (X₂). There is also a mediating variable, namely financial performance (Z), proxied by Return on Assets (Z₁) and Return on Equity (Z₂).

C. RESULT AND DISCUSSION

Based on the predetermined criteria, the sample size of 10 Islamic commercial banks was 5 years (2019-2023), resulting in a total of 50 data sets. These 50 data sets were then subjected to descriptive statistical tests, validity tests, reliability tests, structural model evaluations, hypothesis tests, and path analysis using WarpPLS 8.0 software.

Descriptive Statistics Results

The descriptive statistics show that the Corporate Governance Component (CGC) variables exhibit low variation, with the average number of Board of Directors (DD) members at 4.18 and Sharia Supervisory Board (DPS) members at 2.15, indicating a relatively uniform governance structure across institutions. Meanwhile, the Liquidity Performance (KL) and Financial Performance (KK) variables display considerable variation. The average Net Interest Margin (NIM) of 6.31% and Net Operating Margin (NOM) of 1.38% reflect differing abilities among institutions in generating operational margins. Furthermore, the average Return on Assets (ROA) of 1.52% and Return on Equity (ROE) of 5.47% indicate diverse financial performance levels, with ROE showing the highest fluctuation (Std. Dev. 13.30%). Overall, these results suggest that while

Islamic financial institutions maintain relatively consistent governance structures, their liquidity and profitability levels vary significantly across institutions.

Validity Test Results

The convergent validity test showed that each variable indicator had a loading value above 0.7. Therefore, each variable indicator can be considered valid or has good validity, and shows an AVE value of >0.5 , meaning 50% or more of the variance in each indicator can be explained. The discriminant validity test shows the values in parentheses are the AVE and cross-loading values, where each variable value meets the criteria, namely, higher than the other constructs in both the parallel column and the column above or below.

Reliability test results

Reliability testing can be measured using Cronbach's alpha and composite reliability. The test results show Cronbach's alpha and composite reliability values >0.70 , which can be considered good.

Structural model evaluation, R-Square and Q-Square

Tabel 2
R-Square dan Q-Square

	Varibel	R-Square Value	Q-Square Value	Status
	GCG			
	KL	0.845	0.893	<i>predictive relevance</i>
	KK	0.090	0.102	<i>predictive relevance</i>

Source: Data processed with WarpPLS 8.0 (2025)

Table 2 above shows that the earnings quality variable has an R^2 value of 0.845, indicating that good corporate governance can predict earnings quality by 84.5%. The α^2 value for the financial performance variable is 0.090, indicating that good corporate governance can predict financial performance by 9.0%. The earnings quality variable has an R^2 value of 0.893, and the financial performance variable has an R^2 value of 0.102, indicating that all variables meet the requirement of an R^2 value >0 .

Model Fit Analysis

The test results show an Average Path Coefficient (APC) value of 0.447 (very strong) with a p-value of <0.001 and an Average R-Square (ARS) value of 0.530 (very strong) with a p-value of <0.001 . Both indexes have a p-value of <0.05 so they are accepted. The Average Variance Factor (AVIF) value is 1.132, where this value is less than 5 or <5 so the AVIF value is accepted. Therefore, the model in this study has a good fit with the data.

Hypothesis Testing

Table 3
Results of Hypothesis Test Estimation

Hipotesis	Path Coefficient	P-Value	Information
GCG→KL	0.035	0.04	significant
KK→KL	0.955	<0.01	significant
GCG→KK	0.352	0.03	significant

Source: Data processed with WarpPLS 8.0 (2025)

In Table 3 above, the path coefficient values are greater than 0 and some are close to 1, indicating a positive relationship. The p-value for each variable is <0.001, which is less than 0.05. Therefore, it can be concluded that this variable is significant.

Path Analysis

Table 4
Path Analysis Results

	Path Coefficient	P-Value	Information
GCG→KL	0.36	<0.01	Positive and significant
KK→KL	0.95	<0.01	Positive and significant
GCG→KK	0.35	<0.01	Positive and significant
GCG→KK →KL	0.140	0.098	Full Mediation

Source: Data processed with WarpPLS 8.0 (2025)

Based on the analysis results in the table above and the path analysis criteria, the following explanation can be obtained:

1. The Effect of Good Corporate Governance on Earnings Quality. The hypothesis for this relationship (H₁) states that good corporate governance has a positive effect on earnings quality. The test results show a path coefficient of 0.3, with a p-value of 0.04, which is less than 0.05. This indicates that good corporate governance has a positive and significant effect on earnings quality. Therefore, H₁ is accepted.
2. The Effect of Good Corporate Governance on Financial Performance. The hypothesis for this relationship (H₂) states that good corporate governance has a positive effect on financial performance. The test results show a path coefficient of 0.35, with a p-value of 0.03, which is less than 0.05. This indicates that good corporate governance has a positive and significant effect on financial performance. Therefore, H₂ is accepted.
3. The influence of Good Corporate Governance on earnings quality through financial performance as a mediating variable in the perspective of maqashid sharia. The hypothesis on this relationship (H₃) states that there is a relationship between Good Corporate Governance and earnings quality through financial

performance as a mediating variable. Based on the test results above, it shows that the direct effect shows a path coefficient value of 0.36 with a p-value <0.01.

Meanwhile, the indirect effect shows a path coefficient value of 0.140 with a p-value of 0.098. Financial performance on earnings quality with a path coefficient of 0.95 with a p-value <0.01 and good corporate governance on earnings quality with a path coefficient of 0.36 with a p-value <0.01. so that the influence of good corporate governance on earnings quality through financial performance is supported or full mediation, therefore H₃ is accepted. Meanwhile, the mediation test using the Variance Accounted For (VAF) method is as follows:

Table 5
Calculation of VAF Good Corporate Governance on Earnings Quality with Financial Performance as a Mediating Variable

Keterangan	Hasil Perhitungan
Pengaruh langsung GCG→KL	0.36
Pengaruh tidak langsung GCG→KK = 0.35 KK→KL = 0.95 (GCG→KK* KK→KL)	0.3325
Pengaruh Total	0.6925
(0.36+0.3325)	
VAF= Pengaruh Tidak Langsung/pengaruh Total	0.4801

Source: Data processed 2025

The calculation results using the VAF method, as shown in the table above, indicate that the VAF value for the mediation test of financial performance in the relationship between Good Corporate Governance and earnings quality is 0.4801, or 48%. A VAF value of 20% - 80% indicates that the mediation role is included in the partial mediation category, as described in the Path Analysis criteria table, thus accepting H₃.

Discussion of Research Results

The Influence of Good Corporate Governance on Profit Quality

Path test results indicate that good corporate governance, proxied by the board of commissioners, board of directors, and sharia supervisory board, has a positive and significant effect on earnings quality, proxied by net income (NIM) and net operating profit (NOM), in Islamic commercial banks with financial statements and annual reports for the years 2001-2023. The obtained path coefficient is 0.36 with a p-value of 0.04, demonstrating that superior GCG implementation leads to higher earnings quality in Sharia banks. These findings suggest that governance mechanisms play a role not only in controlling management activities but also in fostering bank management processes that are more transparent, accountable, and oriented toward sustainable performance.

Research conducted by Fitranita and Coryanata (Fitranita & Coryanata, n.d.) indicates that GCG variables influence earnings quality. However, research by Nanang and Tanusdjaja (Nanang & Tanusdjaja, 2019) indicates that overall, GCG has no effect on earnings quality. Furthermore, research by Indrawati and Yulianti (2010) found that the board of directors, board of commissioners, and sharia supervisory board variables have no effect on earnings quality.

From an Islamic economic perspective, the positive relationship between GCG and earnings quality can be explained through the principles of *amanah* (trust/fiduciary duty), justice ('*adl*), transparency, and accountability (*mas'uliyah*). Sharia banks aim not only to generate profit but also to manage funds as a trust (*amanah*) from fund owners, customers, and the public. Consequently, earnings quality is assessed not merely by the magnitude of profit, but also by the process of its generation—ensuring it is *halal*, transparent, free from manipulation, and compliant with Sharia principles. The Board of Commissioners and the Board of Directors play a role in ensuring prudent and responsible management, while the Sharia Supervisory Board ensures that the bank's activities remain in compliance with Sharia principles. These findings are also relevant to *Maqashid al-Shariah*—specifically *hifz al-mal* (preservation of wealth) and the attainment of public interest (*maslahah*). Effective Good Corporate Governance (GCG) helps ensure that funds and resources are managed responsibly, thereby generating sustainable benefits. Consequently, efforts to strengthen GCG in Islamic banks should focus on substantive governance that integrates corporate governance practices with Islamic values.

The Influence of Good Corporate Governance on Financial Performance

Path test results indicate that good corporate governance, proxied by the board of commissioners, board of directors, and sharia supervisory board, has a positive and significant effect on financial performance, proxied by ROA and ROE, in Islamic commercial banks with financial statements and annual reports for the years 2001-2023. The path coefficient is 0.35 with a p-value of 0.03. This indicates that when a company has good corporate governance, contributes to improved financial performance through more transparent, accountable, and prudent management.

From an Islamic economics perspective, this finding reflects the principles of *amanah* (trust), '*adl* (justice), accountability, and Sharia compliance. Islamic banks manage funds entrusted by various stakeholders; therefore, financial performance should be achieved not only through profit maximization but also through responsible and Sharia-compliant practices. The role of the Sharia Supervisory Board is particularly important in ensuring that banking activities remain consistent with Islamic principles. This relationship is also relevant to *Maqashid al-Shariah*, particularly *hifz al-mal* (protection of wealth), as effective governance promotes responsible management of funds and the achievement of *maslahah*.

The principles of Good Corporate Governance (GCG) also aim to regulate the behavior of company managers so that they do not solely pursue personal gain but also ensure profits for the company's owners. The interests of fund owners are to obtain returns commensurate with their invested funds. This finding aligns with research by (Dentika & Ridjal, 2021), which demonstrated a positive and significant relationship between corporate governance practices and ROA, and the findings of (Edi & Felicia, 2022), which found that corporate governance statistically significantly influences a company's operational performance, as measured by ROE. However, this study

contradicts the findings of (Saragih & Forever, 2024) who found that GCG variables had no partial effect on ROA, ROE, and NPM, as their implementation actually showed a negative impact on financial performance.

Thus, GCG in Islamic banking should extend beyond formal compliance toward substantive governance that integrates corporate governance with Islamic values. Effective GCG can improve financial performance while simultaneously supporting *hifz al-mal*, stakeholder interests, and the broader objectives of Islamic banking under Maqashid al-Shariah.

The influence of Good Corporate Governance on profit quality with financial performance as a mediating variable from the perspective of Maqashid Syariah

The path test results indicate that financial performance, as measured by ROA and ROE, mediates the effect of good corporate governance, as measured by the board of commissioners, board of directors, and sharia supervisory board, on earnings quality, as measured by net operating margin (NIM) and net operating margin (NOM), in Islamic commercial banks with financial statements and annual reports for the years 2001-2023. The path coefficient is 0.140 with a p-value of 0.098, and the mediation test using the Variance Accounted For (VAF) method is 48%. This indicates that the Positive financial performance signals corporate health and has the potential to increase firm value.

Positive financial performance signals to investors the health of the company. Higher financial performance leads to higher firm value. Therefore, it can be concluded that financial performance acts as a mediator in the relationship between good corporate governance and earnings quality.

This research aligns with the findings of (Wahyudi et al., 2021) which show that financial performance can mediate the relationship between good corporate governance and earnings quality. However, these results differ from research conducted by (Zasha, 2024), This study aims to examine the variables that may influence the financial performance of manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023. The results indicate that the proportion of independent commissioners, institutional ownership, audit quality, and CSR do not have a significant effect on financial performance. Furthermore, earnings management is also unable to mediate the relationship between those independent variables and financial performance. These findings provide implications for management and investors in understanding the factors that influence a company's financial performance.

The discussion has formulated a specific index designed to measure the extent to which the maqasid sharia (Islamic principles) are reflected in Islamic banking practices, particularly those related to the implementation of Good Corporate Governance (GCG) principles. This index refers to the maqasid dharuriyyat approach, with the following details:

1. The independence and implementation of the duties of the Sharia Supervisory Board (SPS) reflect the dimension of compliance with Sharia (*hifdzu addin*);
2. the implementation of Sharia principles related to life protection (*hifdzu an-nafs*);

3. the completeness and transparency of reports prepared by the board of commissioners, directors, and committees reflect the dimension of developing science-based knowledge (hifdzu al-'aql);
4. the implementation of compliance and audit functions demonstrate control over financial performance (hifdzu an-nasl)
5. the implementation of Sharia principles and risk management relate to efforts to maintain sustainability and future generations (hifdzu al-maal)

The analysis concludes that GCG practices in Indonesian Islamic banking have been implemented effectively and encompass the elements of the maqasid sharia. Positive financial performance signals a healthy company to investors. Higher financial performance leads to higher company value. Therefore, financial performance mediates the relationship between good corporate governance and earnings quality.

D. CONCLUSION

The conclusion of this research is good corporate governance has a positive and significant effect on earnings quality. The test results show a path coefficient of 0.36 with a p-value of 0.04, which is less than 0.05. This indicates that when a company's good corporate governance improves, its earnings quality increases. Good corporate governance also has a positive and significant effect on financial performance. The test results show a path coefficient of 0.35 with a p-value of 0.03, which is less than 0.05. This indicates that when a company's good corporate governance improves, its financial performance increases. Furthermore, financial performance mediates the effect of good corporate governance on earnings quality from a maqasid sharia perspective. The test results above show a path coefficient of 0.140 with a p-value of 0.098, and a mediation test using the Variance Accounted For (VAF) method of 48%. This indicates that the mediation role falls into the category of partial mediation (full mediation). If a company is able to implement good governance principles in managing its resources, this will result in increased profits. Concurrently, the company's financial performance will also improve in line with improvements in good corporate governance (GCG) practices. Good financial performance will send a positive signal to investors regarding the company's condition, as higher financial performance leads to higher company value. In the context of maqasid sharia, the implementation of GCG in Islamic banking in Indonesia has been well-implemented and reflects the principles of maqasid sharia relevant to Sharia-compliant banking practices

Acknowledgments: The authors would like to express their sincere gratitude to all individuals and institutions that provided academic and technical support for this research. **Conflict of Interest:** The authors declare no conflict of interest. **Author Contributions:** All authors contributed substantially to the conceptualization of the study, data analysis, manuscript preparation, and revision. **Funding:** This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors. **Data Availability:** The data used in this study are secondary data obtained from publicly available sources and are available from the corresponding author upon reasonable request. **Disclaimer:** The views and interpretations presented

in this article are solely those of the authors and do not necessarily reflect the official positions of their affiliated institutions or any supporting organizations.

REFERENCES

- Abdul Fattah. (2024). Implementasi Maqashid Syariah Dalam Ekosistem Ekonomi Dan Keuangan Syariah Di Indonesia: Analisis Pencapaian Kesejahteraan Sosial Dan Ekonomi Berkelanjutan. *El-Iqtishadi*, 6(2), 194–208. <https://doi.org/https://doi.org/10.24252/el-iqthisady.vi.52302>
- Alwi, M., Kara, M., Abdullah, M. W., & Fachrurrazy, M. (2022). Konsep maqasid as syariah dalam perbankan syariah. *Al-Amwal: Journal of Islamic Economic Law*, 7(2), 56–80. <https://doi.org/https://doi.org/10.24256/alw.v7i2.3549>
- Arafah, A., Anggrainiz, D., & Kinanti, S. C. (2023). *Implementasi Prinsip-Prinsip Syariah Pada Lembaga Keuangan Syariah*. 9, 186–193. <https://doi.org/10.30821/se.voiz.19709>
- Badawi, W. H. (2024). *Tata Kelola Perusahaan Yang Baik (Good Corporate Governance)*. Deepublish.
- Budiman, F. (2016). *Pengaruh Kualitas Penerapan Good Corporate Governance (GCG) Terhadap Tingkat Pengembalian dan Risiko Pembiayaan Bank*. 7, 1–21. <https://doi.org/https://doi.org/10.18326/muqtasid.v7i2.1-21>
- Citra Puspa Permata, I. R. dkk. (2026). *Panduan Praktis Akuntansi Syariah: Strategi Mengelola Keuangan unruk Bisnis Berkah dan Berdaya Saing*. Ganesha Kreasi Semesta.
- Dentika, L., & Ridjal, S. (2021). Pengaruh tatakelola terhadap nilai perusahaan perbankan: roa dan npl sebagai mediasi. *Jurnal Ekonomi*, 26(2), 290–304. <https://doi.org/https://doi.org/10.24912/je.v26i2.751>
- Edi, E., & Felicia, F. (2022). Analisis pengaruh tata kelola perusahaan terhadap kinerja perusahaan yang terdaftar di Bursa Efek Indonesia periode 2016-2020. *Jesya*, 5(1), 613–624. <https://doi.org/10.36778/jesya.v5i1.597>
- Febriadi, S. R. (2017). *Aplikasi Maqashid Syariah Dalam Bidang Perbankan Syariah*. 1(2). <https://doi.org/http://dx.doi.org/10.29313/amwaluna.vii2.2585>
- Fitranita, V., & Coryanata, I. (n.d.). Pengaruh Good Corporate Governance Terhadap Kualitas Laba Pada Perusahaan Real Estate dan Property The Effect of Good Corporate Governance Towards Quality of Profit At Real Estate And Property Company. *Jurnal Akuntansi ISSN*, 2303, 356. <https://doi.org/https://doi.org/10.33369/j.akuntansi.8.2.67-76>
- Frena Fardillah, Ika Rarawahyuni, dkk. (2021). *Perbankan Syariah Indonesia*. Penerbit Insania. https://books.google.co.id/books?hl=en&lr=&id=yyk5EAAAQBAJ&oi=fnd&pg=PP1&dq=info:iyXP3xp62gUJ:scholar.google.com&ots=AMPkoCJJ1v&sig=ePB4pE9ceb2dQ8fGs56CJQcwZzE&redir_esc=y#v=onepage&q&f=false
- Harinurdin, E., & Safitri, K. A. (2023). *Tata Kelola Perusahaan Tercatat Di Indonesia*. 10(1). <https://doi.org/10.7454/Jvi.V10i1.1178>
- Hidayat, D. S., Budianto, E., Swadaya, U., & Jati, G. (2026). *Kinerja Keuangan Sebagai Mediator Antara Efisiensi Operasional Dan Struktur Modal Terhadap Nilai Perusahaan*.

15(April), 51–68. <https://doi.org/10.35906/equili.v15i1.2786>

Lismawati Hasibuan, S. E., Daulay, P. B. M., Nasution, E. Z. L., Sry Lestari, M. E. I., Utami, T. W., SE, A., & MM, C. (2023). *Analisa laporan keuangan syariah*. Merdeka Kreasi Group.

M. Ikhwanul Huda, F. M. A. (2023). *RETRACTED : Analisis Peraturan Bank Indonesia Nomor 11/33/PBI/2009 Terhadap Fungsi Dewan Pengawas Syariah Dalam Penerapan*. 137–149. <https://doi.org/https://doi.org/10.19109/muamalah.v10i2.26170>

Mahromatin, L. F., Febriansari, R. N., & Setyo, I. (2023). *Pengaruh Good Corporate Governance Terhadap Nilai Perusahaan Dengan Return Saham Dan Kinerja Keuangan Sebagai Variabel Mediasi*. 7(2). <https://doi.org/https://doi.org/10.62421/jibema.v2i1.57>

Nanang, A. P., & Tanusdjaja, H. (2019). Pengaruh Corporate Governance (Cg) Terhadap Kualitas Laba Dengan Manajemen Laba Sebagai Variabel Intervening Pada Perusahaan Manufaktur Yang Terdaftar Di Bei Periode 2015-2017. *Jurnal Muara Ilmu Ekonomi Dan Bisnis*, 3(2), 267–288. <https://doi.org/https://doi.org/10.24912/jmieb.v3i2.2909>

OJK. (2023). *Statistik Perbankan Syariah 2023*. [https://ojk.go.id/id/kanal/syariah/data-dan-statistik/statistik-perbankan-syariah/Documents/Pages/Statistik-Perbankan-Syariah---Desember-2023/STATISTIK PERBANKAN SYARIAH - DESEMBER 2023.pdf](https://ojk.go.id/id/kanal/syariah/data-dan-statistik/statistik-perbankan-syariah/Documents/Pages/Statistik-Perbankan-Syariah---Desember-2023/STATISTIK%20PERBANKAN%20SYARIAH%20-%20DESEMBER%202023.pdf)

Putra, P. P., & Febriati, N. (2022). Peluang Dan Tantangan Perbankan Syariah Di Indonesia Pasca Merger. *Asas*, 13(2), 76–90. <https://doi.org/https://doi.org/10.24042/asas.v13i2.11281>

Sahri, M. Z., Article, I., Article, H., Syariah, B., & Banks, S. (2024). *Persamaan dan Perbedaan Bank Konvensional dengan Bank Syariah*. 2(1), 50–66. <https://doi.org/https://doi.org/10.62421/jibema.v2i1.5757>

Saragih, A. E., & Forever, F. (2024). Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Dimoderasi Good Corporate Governance. *Jesya (Jurnal Ekonomi Dan Ekonomi Syariah)*, 7(1), 871–885. <https://doi.org/10.36778/jesya.v7i1.1501>

Siti Nurlatifah, R. K. dkk. (2026). *Teknik Analisis Laporan Keuangan*. sonpedia. https://books.google.co.id/books?hl=id&lr=&id=qq7-EQAAQBAJ&oi=fnd&pg=PA94&dq=Teknik+Analisis+Laporan+Keuangan+Siti+Nurlatifah,+Reniati+Karnasi+dkk&ots=15-bnAW9qf&sig=O8u3ioqmwO59bIHZM_t-LobnMbU&redir_esc=y#v=onepage&q&f=false

Suaidah, Y. M. (2017). *Kemampuan Informasi Komponen Arus Kas Dan Laba Dalam Memprediksi Arus Kas Masa Depan*. 12(2), 161–170. <https://doi.org/https://doi.org/10.26533/eksis.v12i2.105>

Wahyudi, I., Muawanah, U., & Setia, K. A. (2021). Mekanisme Good Corporate Governance terhadap Nilai Perusahaan yang Dimediasi Kualitas Laba dan Kinerja Keuangan (Studi Empiris pada Perusahaan Manufaktur yang Listing di Bursa Efek Indonesia (BEI) tahun 2015–2017). *Jurnal Akuntansi Perpajakan*, 7(1), 1–16. <https://doi.org/https://doi.org/10.26905/ap.v7i1.5566>

Winarsih, S., & Sisdianto, E. (2024). Peran laporan keuangan dalam menilai transparansi dan keberlanjutan bank syariah. *Jurnal Media Akademik (JMA)*, 2(12). <https://doi.org/https://doi.org/10.62281/v2i12.1107>

Zaenul Wahyudi, dkk. (2026). *Ekonomi Keuangan Perbankan Syariah* (Tim Edu Akademi (ed.)). CV Edu Akademi. https://books.google.co.id/books?hl=id&lr=&id=kLGIEQAAQBAJ&oi=fnd&pg=PA53&dq=Perbankan+syariah+telah+menjadi+bagian+penting+dari+sistem+keuangan.+Penyelesaian+layanan+keuangan+yang+berlandaskan+prinsip-prinsip+syariah+menawarkan+pilihan+bagi+mereka+yang+mencari+layanan+yang+sesuai+dengan+syariah+serta+menunjukkan+kemajuan+dari+perspektif+ekonomi+global.&ots=w3PfCl2VYd&sig=ybNmDoIu5PssKWfbMUFeXfFUMa8&redir_esc=y#v=onepage&q&f=false

Zasha, M. K. (2024). Pengaruh good corporate governance dan corporate social responsibility terhadap kinerja keuangan dengan manajemen laba sebagai variabel mediasi pada perusahaan manufaktur tahun 2019-2023. *JIM, Jurnal Ilmu Manajemen*, 13, 812-825. <https://doi.org/https://doi.org/10.26740/jim.v13n3.p812-825>

