

COMPARISON OF GOOD CORPORATE GOVERNANCE IMPLEMENTATION ON THE PERFORMANCE OF ISLAMIC COMMERCIAL BANKS (Comparative Study Tarakan Indonesia and Sabah Malaysia)

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Abstract

The research was carried out to find out how far the strategy formulation, organizational commitment and leadership style affected to the implementation Good Corporate Governance that would influence the performance of Islamic Commercial Banks (ICB) in Indonesia and Malaysia. There were two research objects namely 53 employees of Islamic Commercial Banks in Indonesia and 53 employees in Malaysia. Data collection was done by using questionnaire, then validity and reliability test was done which has approved that data was valid and reliable. The data was analyzed by path analysis and processed by SPSS. The result of research showed that both countries' governance was regulated in separated law and regulation with conventional system. Variable of strategy formulation and leadership style were significantly influenced to the implementation of good corporate governance on Islamic Commercial Banks in Indonesia and Malaysia. While the variable of organizational commitment was not significantly affected to the good corporate governance in Indonesia, but it had significant effect in Malaysia. Strategy formulation and organizational commitment had significant effect on the performance of Islamic Commercial Banks in Indonesia but leadership style had no significant effect on the performance. When the strategy formulation, organizational commitment, leadership style and good corporate governance implementation were regressed together to predict performance, strategy formulation and organizational commitment remain significant. However, leadership style and Good Corporate Governance implementation had no significant effect on the performance.

Keywords: Strategy Formulation, Organizational Commitment, Leadership Style, GCG Implementation, Islamic Commercial Banks.

Abstrak

Penelitian ini dilakukan untuk mengetahui sejauh mana perumusan strategi, komitmen organisasi dan gaya kepemimpinan berpengaruh terhadap penerapan Good Corporate Governance yang akan mempengaruhi kinerja Bank Umum Syariah (BUS) di Indonesia dan Malaysia. Obyek penelitian ada dua yaitu 53 pegawai Bank Umum Syariah di Indonesia dan 53 pegawai di Malaysia. Pengumpulan data dilakukan dengan menggunakan kuesioner, kemudian dilakukan uji validitas dan reliabilitas yang menyatakan bahwa data tersebut valid dan reliabel. Data dianalisis dengan analisis jalur dan diolah dengan SPSS. Hasil penelitian menunjukkan bahwa pemerintahan kedua negara diatur dalam peraturan perundang-undangan yang terpisah dengan sistem konvensional. Variabel perumusan strategi dan gaya kepemimpinan berpengaruh signifikan terhadap penerapan good corporate governance pada Bank Umum Syariah di Indonesia dan Malaysia. Sedangkan variabel komitmen organisasi tidak berpengaruh signifikan terhadap good corporate governance di Indonesia, namun berpengaruh signifikan di Malaysia. Rumusan strategi dan komitmen organisasi berpengaruh signifikan terhadap kinerja Bank Umum Syariah di Indonesia tetapi gaya kepemimpinan tidak berpengaruh signifikan terhadap kinerja. Ketika perumusan strategi, komitmen organisasi, gaya kepemimpinan dan penerapan tata kelola perusahaan yang baik diregresi bersama untuk memprediksi kinerja, perumusan strategi dan komitmen organisasi tetap signifikan. Namun gaya kepemimpinan dan penerapan Good Corporate Governance tidak berpengaruh signifikan terhadap kinerja.

Kata Kunci: Perumusan Strategi, Komitmen Organisasi, Gaya Kepemimpinan, Implementasi GCG, Bank Umum Syariah

INTRODUCTION

Bank is one of financial institution that has important role in the economy of a country as financial intermediary institutions. Bank functioned as receptacle to collect and distribute funds to society. According to Indonesian State Laws Number 10, 10 November 1998 about Bank, bank is business entity that save people's fund in form of savings and distribute it to society in form of credit and other forms in order to improve people's standard of living. Banks in Indonesia developed rapidly. It can be seen from the emergence of new banks and expansion of every bank.

There are several differences between conventional and Islamic bank banking system in case of corporate performance – returns and profit-share to their customers. Operational activity of conventional bank uses interest on the loan and the funds, while Islamic bank uses profit sharing system. Development of Islamic bank in Indonesia has been done to provide banking service alternatives to Indonesian people. System of Islamic and conventional bank supports people's fund mobilization widely to improve funding ability for national economy sectors. Characteristic of Islamic bank system based on share profit principle provides banking system alternative which is beneficial for people and bank, distinguish fairness in a transaction, ethical investment, togetherness and brotherhood in production, and avoid speculative action in financial transaction.

As Sharah and Haridhi (2019) stated as the development of Banking, one thing should be noticed by Aceh Bank is Good Corporate Governance aspect, remembering many cases experienced by the bank. These were started from the incomplete Bank Direction, Customer lawsuit, increasing bad credit, and significant increasing loss. Implementation of Good Corporate Governance was very important to achieve bank performance because it was basically designed to protect stakeholders and shareholders interests.

Cahyaningtyas and Susanti (2019) explained the implementation of Corporate Governance in a company was very important to improve performance and company image. Besides that, the concept considered important to be applied so the company in Indonesia could be strong to face crisis and to achieve a more transparent company for all stakeholders. Governance corporate system gave a signal to investors that the company had an effective protection for stockholder and stakeholder so they believe they will get profit on their investment. Pratiwi et al (2018) explained Good Corporate Governance emerged because the failure in funding management and power abuse between investor and owner. Implementation of corporate governance in Islamic bank is very important. Islamic bank is a new institution and lack of human resource so it is possible for activities deviation to occur. Digression could happen because the principle differences between Conventional and Islamic Bank which used risk sharing and Islamic principle based.

In this research, researcher tries to discuss about the effect of good corporate governance on banking performance in Indonesia and Malaysia. Researcher is interested to find out the effect of good corporate governance implementation which will be compared between corporate governance of Islamic commercial bank in Indonesia and Malaysia. Collley & Stettinius (2003) explained that GCG was a tool to guarantee corporate management performing the best for shareholders. Good corporate governance becomes an important indicator in choosing a company for investment. All stakeholders were owner, bank management, user (bank customer) and Bank of Indonesia (BI) as bank supervisors. Therefore, the objectives of this research is to measure how far the strategy formulation, organizational commitment and leadership style have significant effect to GCG implementation that would affect on performance of Islamic commercial banks in Indonesia and Malaysia.

LITERATURE REVIEW

Implementation of Good Corporate Governance

According to Organization for Economic Corporation and Development (OECD) (2000), corporate governance has four basic elements (principles) namely (1) transparency; (2) accountability; (3) responsibility; (4) fairness. In banking, good corporate governance is banking management that applies principles of transparency, accountability, responsibility, independency, and fairness.

Amerta (2005) stated that although implementation of good corporate governance principle exists in every countries or companies, depends on each emphasis, however it could be said that there are main principles of good corporate governance which has been internationally accepted. The principles are right of shareholders to gain accurate information, to involve in management and to get profit-share, same treatment among the shareholders, recognition of shareholders' roles in the company, accurate and timely disclosure of important information and responsibility of company management for their mistakes in leading the company.

Hsu et al (2007) who tested corporate governance in 5 countries – Indonesia, Republic of Korea, Malaysia, Philipines, and Thailand. The results were ineffectiveness of Board, weak controlling and auditing, lack of sufficient disclosure, legal actor, and concentrated-company ownership. Important aspect of

ownership structure is ownership concentration and composition, if the ownership spread, owner's control became weak because lack of supervising caused by free rider. Owner with little ownership is not interested to supervise because it cost supervising cost with low benefit, when others do so, there will be no supervising to the management.

Companies that have competence in the fields of marketing, manufacturing and innovation can make its as a source to achieve competitive advantage (Daengs GS, et al. 2020:1419).

To find out the results of the data, the technique of data analysis is also use to test to the hypotheses put forward by the researchers, because the analysis of the data collected to determine of the effect of the independent variables on the related variables is use multiple linier statistical test. (Enny Istanti, et al, 2020:113).

The research design is a plan to determine the resources and data that will be used to be processed in order to answer the research question. (Asep Iwa Soemantri, 2020:5).

Time management skills can facilitate the implementation of the work and plans outlined. (Rina Dewi, et al. 2020:14)

Standard of the company demands regarding the results or output produced are intended to develop the company. (Istanti, Enny, 2021:560).

Saat mengumpulkan sumber data, peneliti mengumpulkan sumber data berupa data mentah. Metode survei adalah metode pengumpulan data primer dengan menggunakan pertanyaan tertulis(Kumala Dewi, Indri et all, 2022 : 29).

Data analysis in the study was carried out through descriptive analysis method, which is defined as an attempt to collect and compile data, then an analysis of the data is carried out, while the data collected is in the form of words. (Kasih Prihantoro, Budi Pramono et all, 2021 : 198).

RESEARCH METHOD

Strategy Formulation

Strategy Formulation is process of effective long-term plan development related with opportunity and environmental challenge and company strength and weakness. (Hill&Jones, 2004). Strategy formulation activities are to set the mission, vision, strategy and corporate policy. Mission is statement of purpose or the corporate's philosophy. Purpose is statement about what the company want to achieve. Corporate strategy is comprehensive planning determined to achieve the company mission and purpose. Policy is general direction in making implemented-strategy formulation.

Organizational Commitment

Organizational commitment is a situation where an employee takes side to particular organization and its purposes and is interested to maintain his membership in the organization, Robbins (2003). Bart (2001) who stated similar definition, said that organizational commitment is a level of trust and employees' acceptance towards the organization purpose and commitment to exist in the organization. Colley, et al (2003) stated that organizational commitment reflects the extent to which an individual identifies with an organization and is committed to its goal.

Goleman, et al (2000) defined organizational commitment as someone's psychological bond to a company. The bond created because they trust that commitment is his moral obligation to the company where he works. The trust creates flexible commitment, means someone's commitment to a company can change, following someone's transfer from a company to another company where he works. Psychological can also be created when values and norms applied by someone is suitable with vision, mission, purpose, policy and leadership style of company where he works.

Leadership Style

Business environment is changing, which causes organizations need a leader with emotional intelligence, personal commitment and integrity in order to overcome challenges. Company failure sometimes caused by a leader who failed to understand others and himself (Leban and Zulauf, 2004). Leadership is one of management function (Bennis, 2000). As one of management function, leadership includes duties and obligations as follows:

1. Decision making is one of leader's duties in order to apply power and solve problems in company; and
2. Motivation is one of leader's duties in order to drive his employees to the desired direction.

Although leadership has tight relation for management, but leadership and management are not similar concept. To clarify the difference, Bennis (2000) said that most organization was overmanaged and underled. Someone could be an effective manager, experts create plan and organized and fair administrator,

however has low skills to raise motivation of a leader. Others become an effective leader, skilled in raising enthusiasm and loyalty, but has low managerial skills to transfer energy into others.

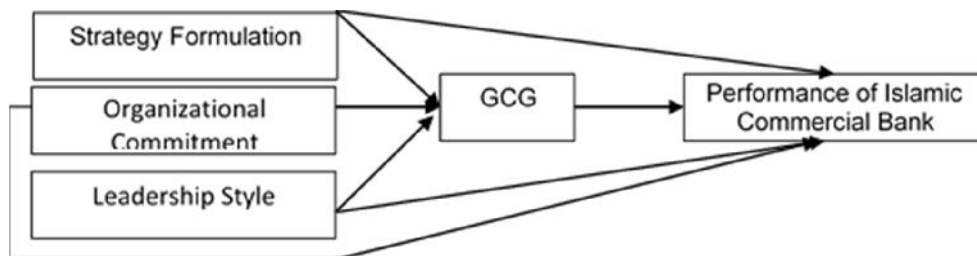
Golemen research (2000) concluded that leaders with coercive, democratic, affiliative, pacesetter and coaching style had significant effect on corporate governance and corporate financial performance. Pacesetter and coaching had more impact to corporate governance and corporate financial performance.

Performance of Islamic Commercial Bank

According to Laws No.10 1998 about Laws changes No.7 1992 about banking, stated that Islamic bank is commercial bank which do business activities according to Islamic principles. In doing their activities, Islamic banks follows:

1. Principles of Fairness, reflected to reward application on the basis of profit-sharing and profit margin taking mutually agreed between bank and customer
2. Principles of Equality, where fund saver, user, and bank are same and equal.
3. Principles of Peace on the product which is suitable with muamalah Islamic principles and rules – there is no usury and zakat of property application.

Hypothesis



Hipotesis yang diajukan

Proposed Hypothesis :

- H1 = Strategy Formulation affects the implementation of good corporate governance on the Islamic Commercial Bank in Indonesia and Malaysia
- H2 = Leadership style affects the implementation of good corporate governance on the Islamic Commercial Bank in Indonesia and Malaysia
- H3 = Organizational commitment affects the implementation of good corporate governance on the Islamic Commercial Bank in Indonesia and Malaysia
- H4 = Strategy Formulation affects the performance of good corporate governance on the Islamic Commercial Bank in Indonesia and Malaysia
- H5 = Leadership style affects the performance of good corporate governance on the Islamic Commercial Bank in Indonesia and Malaysia
- H6 = organizational commitment affects the performance of good corporate governance on the Islamic Commercial Bank in Indonesia and Malaysia
- H7 = the implementation of good corporate governance has an effect on the Islamic Commercial Bank in Indonesia and Malaysia

RESULT AND DISCUSSION

Implementation of Good Corporate Governance on Islamic Commercial Bank of Indonesia and Malaysia

Widiyastuti (2010) explained problematics faced by most bankings is organizations on Bankings. According to data revealed by Bank of Indonesia, 69 percent of domestic banks still break GCG rules as stated in PBI No.4/2006 updated with PBI No.14/2006. The rule violations occurred especially problems of independent commissioner in board of commissioner (53 percent), the committee formation (30,7 percent), number of independent commissioners is not fulfilled (18 percent), President Director must be independent from shareholders (10 percent), dual position case (7 percent). Bank of Indonesia has stated that Islamic bank must report the application of GCG principles to BI started from 2008 as well as conventional bank.

Therefore, Board of Sharia Supervisor in Islamic Bank expected to be experts not only in fiqh, but also to extend their understanding and knowledge about operational aspect of Islamic banking.

Islamic banking has strategic role in improving people's welfare, through intermediation process of fund collection and distribution or other financial service provider, that based on Sharia Principles. When conventional banking system was staggered because of monetary crisis and needed a lot of money to survive, Islamic banking were able to rescue people's economy. According to several research results and world bank reports, ADB banking crisis occurred in Indonesia and major corporate collapse were caused by poor of GCG implementation. Recent rapid development of Islamic banking activities demands the GCG to be well implemented in banking management so it is able to provide maximum protection for all stakeholders, especially customer. (Nofianti, 2013)

GCG implementation in Islamic bank is inseparable part of Islamic bank spirit such as spirit of responsibility, duty, transparency and fairness through devotion and obedience to Allah SWT and through equalization of ability, knowledge, information and appreciation. These spirits become foundation of business and ethical code governance in Islamic bank, including funding for sharia business.

To the Islamic bank that applied GCG in Indonesia needs not only board of commissioners and audit committee, but also board of sharia supervisor. Board of sharia supervisor is outsider who later become part of company with agreement of board of national sharia. Board of sharia supervisor is an independent institution whose main function is to supervise sharia obedience in implementation of Islamic bank operational. Duties and functions and existence of sharia supervisor board in Islamic bank has legal foundation both in fiqh and banking laws in Indonesia.

Requirement of sharia banker emergence as GCG establishment pioneer because this governance problem in Islamic banking differs with conventional banks. First, Islamic bank must obey sharia principles in running its businesses. Therefore, board of sharia supervisor plays important role in governance structure of sharia banking. Second, because the occurrence of information asymmetry is very high for sharia banking so agency theory problem become very relevant. It is related with accountability and transparency problem of the use of customer and shareholders money. Therefore, representatives of investment account holders in GCG become strategic problem which has to be noticed by Islamic bank. Third, from corporate culture perspective, sharia banking should do the culture transformation in which the values of Islamic business ethic become inherent characteristic in sharia banking implementation.

Risk faced by sharia banking is credit risk (non profit-sharing asset), and profit-share system or variable asset, market risk (equity price, currency risk, commodity risk, liquidity risk, operational risk, law risk, reputation risk, etc). These risks must be minimized by management in order to improve Islamic bank performance which is GCG implementation. Risks in Sharia banking as one of factor that is able to encourage the implementation of corporate governance in Islamic bank.

In Indonesia, Islamic financial institutions are still guided by Circular letter of BI number 12/13/DPBs date 30 April 2010 about GCG implementation for Islamic Commercial Bank and Sharia business unit. GCG principles in this regulation is still similar with conventional Organization for Economic Cooperation and Development (OECD). In fact, Islamic bank has different characteristic with conventional. This regulation confirms that GCG implementation in banking industry must be based on five basic principles namely transparency, accountability, responsibility, independency, and fairness.

Abdussalam Mahmoud Abu-Tapanjeh (2014) studied behavior, application and comparison of Islamic corporate governance stated by conventional OECD. The study concluded that perspective Islamic dimension of corporate governance had broader horizon and equal role and responsibility, in which all acts and activities were under Islamic law jurisdiction, while OECD principles had different problems and duties.

Principle of sharia Good Corporate Governance is started from leadership of Rasulullah SAW and Khulafahul Rasyiddin. Islam had started earlier the emergence of GCG which became basis of good corporate governance in the world. Some principles considered important for author to apply Sharia Good Corporate Governance and implementation in sharia banking are as follow: Shiddiq (honesty), Amanah (Trust), Tabligh (Transparency and Disclosure), Fathonah (Intelligence), Tawazun (Balance), Mas'uliyah (accountability), Akhlaq (leadership), 'Adaalah (fairness), Hurriyah (Independent and Responsible Freedom), Ihsan (Professional), Wasathan (Fairness), Ghirah (Spirit), Idarah (management), Khilafah (leadership), Aqidah (trust and belief), Ijabiyah (positive thinking), Raqabah (supervising), Qira'ah and Ishlah (organization keep learning and evaluating) and Zuhud (avoid worldly things).

Sharia governance system setting in Malayasia regulated in many laws about sharia financial institutions exists in Malaysia. In the beginning, institutions who supervise sharia level in company level called sharia board (SB). The institutions formed in 1983 by Malaysian Islamic Bank Berhad. Since guidelines about sharia committee governance on Sharia Financial Institutions established by Malaysian Central Bank in 2004, the term of sharia board was changed into Sharia committee (SC). The existence of

SC based on laws about banking and SFI in 1989. Laws of sharia financial service 2013 in Malaysia provided comprehensive explanation about sharia governance.

In the national level, Sharia Advisory Council (SAC) formed in 1997 based on BAFIA laws 1989 whose function as the highest authority holders related with banking, finance and sharia takaful in Malaysia. Laws of Malaysian Central Bank 2009 provided detailed explanation about SAC, such as membership appointment, qualification, function and law status on the issued fatwa. In the laws, it also explained that BNM could form SAC institution who is in charge to issue fatwa related sharia financial business whose secretariat facilitated by Central Bank.

Thus, SAC is government official institution under coordination with Malaysia Central Bank. As a result, law product they issue will be binding and final for sharia financial industry user. BNM in 2010 established Sharia governance framework for all Sharia financial institutions under BNM. The guidelines are system framework of comprehensive sharia governance for SFI in Malaysia. The framework explained structure, process and arrangement of SFI to be suitable with Sharia Principles. The guidelines also provided comprehensive guidance for director, Sharia committee, and management in SFI related with their duties connected with sharia. The guidelines also gave work framework for sharia review, sharia audit, sharia risk management and sharia research existed in SFI inside the sharia governance framework.

Laws of IFSA 2013 mentioned terms of sharia governance and explained scopes of sharia governance system:

1. Function and duties of board, director, senior officer, and SC members in company organization in relation with sharia compliance.
2. Requirement about criteria, fit and proper test, and disqualification of SC member; and
3. Formation of sharia compliance unit

Therefore, Malaysia has applied comprehensive sharia governance system, a sharia governance system which not only emphasize on SC roles but also become responsibility of all (board, director, Sharia committee, management, etc) in an organization through details of roles and functions in relation with sharia compliance.

Thus, it can conclude that regulation framework about sharia governance of sharia banking in Indonesia and Malaysia is regulated in laws and regulation separated with conventional system. The difference is on the perspective used. In Indonesia, it sees sharia governance as part of corporate governance system with the existence of sharia supervisor board in company. So, the labelling uses term of Good Corporate Governance for sharia financial institution. In Malaysia, it develops sharia governance system with more comprehensive perspective by using special term for governance system of sharia financial institution, sharia governance.

The Influence of Strategy Formulation, Organizational Commitment and Leadership Style on Good Corporate Governance Implementation

Result of data processing obtained estimation that could explain influence of strateg The Influence of Strategy Formulation, Organizational Commitment and Leadership Style on Good Corporate Governance Implementation in Islamic Commercial Banks in Indonesia and Malaysia.

Table 1. t Test Result

Model	Indonesia			Malaysia		
	Koefisien	t	Sig	Koefisien	t	Sig
Constant	6,400	1,275	0,208	4,919	1,663	0,103
Strategy	0,414	3,428	0,001	0,301	2,383	0,021
Commitment	0,166	1,398	0,168	0,278	2,221	0,031
Leader	0,276	2,177	0,034	0,299	2,378	0,021

From the test result on table 1, strategy formulation variable has coefficient value 0,414 and significance value 0,001 <alpha 0,05 for Islamic Commercial Bank in Indonesia and strategy formulation strategy has coefficient value 0,301 and significance value 0,021 <alpha 0,05 for Islamic Commercial Banks in Malaysia. The test result showed significant result, strategy formulation has significant effect on good corporate governance for Islamic Commercial Bank onn Islamic Commercial Bank in Indonesia and Malaysia. Organizational commitment variable has coefficient value 0,166 and significance value 0,168 > alpha 0,05 for Islamic commercial bank in Indonesia. The test result showed insignificant result, means organizational commitment has no effect on good corporate governance in Islamic commercial bank in Indonesia. Organizational commitment variable has coefficient value 0,278 and significance value 0,031 <alpha 0,05 for Islamic commercial bank in Malaysia. The test result showed significant result, means

organizational commitment has significant effect on good corporate governance in Islamic commercial bank in Malaysia.

From the test result on table 1, leadership style variable has coefficient value 0,276 and significance value 0,034 < alpha 0,05 for Islamic commercial bank in Indonesia and leadership style has coefficient value 0,299 and significance value 0,021 < alpha 0,05 for Islamic commercial bank in Malaysia. Result of test showed significant value, meant leadership style has significant effect on good corporate governance in Islamic commercial bank in Indonesia and Malaysia. It can conclude that partially, the strategy formulation and leadership style variable had the ability to significantly influence the good corporate governance implementation in Islamic commercial bank in Indonesia and Malaysia. While organizational commitment variable had no significant effect on the good corporate governance implementation in Islamic commercial bank in Indonesia, but it had effect in Malaysia.

To find out influence of strategy formulation, organizational commitment and leadership style simultaneously to the good corporate governance implementation on Islamic commercial bank in Indonesia and Malaysia is done by F test.

Table 2. Result of F Test and Determination Coefficient (R²)

Variable	F	Sig	Adj. R ²
Indonesia	9,920	0,000	0,340
Malaysia	20,513	0,000	0,530

Dependent: Good Corporate Governance

Strategy formulation, organizational commitment and leadership affected simultaneously to good corporate governance on Islamic commercial bank in Indonesia and Malaysia approved by significance value <0,05.

Result of determination coefficient test (Adj R²) showed value 0,340 or 34% which means strategy formulation, organizational commitment and leadership style influenced good corporate governance implementation on Islamic commercial banks in Indonesia 34% while the 66% was explained by another factor outside the research. It showed that the independent variable was less strong to explain dependent variable. Result of determination coefficient test (Adj R²) showed value 0,530 or 53% which means strategy formulation, organizational commitment and leadership style influenced implementation of good corporate governance both in Islamic commercial bank in Malaysia 53% while the 47% was explained outside the research model. It showed independent variable was strong enough to explain dependent variable.

Effect of Strategy Formulation, Organizational Commitment, Leadership Style and GCG Implementation on the Performance of Islamic Commercial Banks of Indonesia and Malaysia

The result of processed data obtained estimation that could explain the effect of formulation strategy, organizational commitment, leadership style, and GCG implementation on the performance of Islamic Commercial Bank in Indonesia and Malaysia.

Table 3. Result of t test

Model	Indonesia			Malaysia		
	Coefficient	t	Sig	Coefficient	t	Sig
Step 1						
Constant	2,189	0,558	0,580	4,711	2,598	0,012
Strategy	0,379	2,896	0,006	0,464	3,408	0,001
Commitment	0,446	3,467	0,001	0,102	0,757	0,453
Leader	-0,195	-	0,160	0,231	1,704	0,095
		1,427				
Step 2						
Constant	2,040	0,506	0,615	3,276	1,978	0,054
Strategy	0,365	2,485	0,016	0,310	2,423	0,019
Commitment	0,441	3,326	0,002	-0,040	-	0,749
					0,322	
Leader	-0,204	-	0,165	0,078	0,610	0,545
		1,410				
Management	0,032	0,206	0,838	0,512	3,749	0,000

From the test result on Table 3 obtained strategy formulation and organizational commitment variable on the Islamic commercial bank in Indonesia had lower significance value 0,05, the test result showed significant result, so the strategy formulation and organizational commitment had significant effect on the Islamic commercial bank in Indonesia but leadership and GCG implementation variable were not able to significantly affected the performance of Islamic commercial bank in Indonesia because significance value was bigger than 0,05.

In Malaysia, strategy formulation and GCG implementation variable on the performance of Islamic commercial bank had significance value smaller than 0,05, the test result showed significant result, meant strategy formulation and GCG implementation had significant effect on the performance of Islamic commercial bank in Malaysia but leadership style and organizational commitment variable were not able to significantly affected the performance of Islamic commercial bank because significance value was bigger than 0,05.

According table 3, it can be interpreted that step 1 – strategy formulation and organizational commitment approved to have significant effect on the performance of Islamic commercial bank in Indonesia ($F_1 = 0,379$, $F_2 = 0,446$, $p < 0,05$). Leadership style did not significantly affect to the performance. On step 2 when strategi formulation, organizational commitment, leadership style and GCG implementation were regressed together to predict performance, strategy formulation and organizational commitment remain significant with significance value 0,016 and 0,002 on $p < 0,05$. However, leadership style and good corporate governance implementation were not significantly affected n performance with significance value 0,165 and 0,838 on $p > 0,05$. Thus, good corporate governance implementation was not able to mediate the influence of formulation strategy, organizational commitment and leadership style on the performance of Islamic commercial bank in Indonesia.

In Malaysia, step 1 strategy formulation was approved to have significant influence on performance of Islamic commercial bank in Malaysia ($F_1 = 0,310$, $p < 0,05$). However, organizational commitment and leadership style did not affect significantly to performance. On step 2 when strategy formulation, organizational commitment, leadership style and good corporate governance were regressed together to predict performance of Islamic commercial banks of Malaysia with significance value 0,019 and 0,000 on $p < 0,05$. However, organizational commitment and leadership style did not significantly affect on performance with significance value 0,749 and 0,545 on $p > 0,05$. Thus, good corporate governance implementation could not mediate influence of strategy formulation, organizational commitment and leadership style on the performance of Islamic commercial bank in Malaysia.

To find out the influence of strategy formulation, organizational commitment, leadership style and good corporate governance implementation simultaneously affected the performance of Islamic commercial bank in Indonesia and Malaysia, therefore F test was done.

Table 4. Test Result of F Test and Determination Coefficient (R2)

Variable	F	Sig	Adj. R ²
Indonesia	4,515	0,004	0,213
Malaysia	18,232	0,000	0,570

Dependent: Good Corporate Governanca

Strategy formulation, organizational commitment, leadership style and good corporate governance implementation affected simultaneously to the performance of Islamic commercial bank in Indonesia and Malaysia approved with significance value $< 0,05$. Result of determination coefficient test (Adj R2) showed value 0,213 or 21,3% which meant strategy formulation, organizational commitment, leadership style and good corporate governance implementation did affect the performance of Islamic commercial bank in Indonesia 21,3% while the 78,7% explained by external factors outside research model. It showed that independent variable was less strong to explain dependent variable. The result of determination coefficient test (Adj R2) showed value 0,570 or 57% which meant strategy formulation, organizational commitment, leadership style and good corporate governance implementation affected performance of Islamic commercial bank in Malaysia 57% while the 43% explained by external factor outside research model. It showed that independent variable was strong enough to explain dependent variable.

Implementation of Good Corporate Governance in Affecting Performance of Islamic Commercial Banks in Indonesia and Malaysia

Partially, implementation of good corporate governance did not affect significantly to the performance of Islamic commercial bank in Indonesia. It was different with Malaysia which showed partially the implementation of good corporate governance had significant effect to performance of Islamic commercial bank. The difference occurred can be caused by the policy taken and applied in the implementation of good corporate governance were different in every country, and in fact the performance resulted in Malaysia was better than in Indonesia.

CONCLUSION

Sharia Governance of Islamic banking both in Indonesia and Malaysia were regulated in Laws and Regulation which was separated with conventional system. The difference was on the perspective used. In Indonesia, they tend to see sharia governance as part of corporate governance system with the existence of sharia supervisor board inside company. That was why it was called Governance for Sharia Financial Institution. While in Malaysia., they tend to develop the governance system with more comprehensive perspective and use special terms for governance system of sharia financial institution called sharia governance.

Partially, variable of strategy formulation and leadership style were able to significantly affect the implementation of good corporate governance on Islamic commercial bank in Indonesia and Malaysia. According to organizational commitment variable did not affect significantly the good corporate governance implementation on the Islamic commercial bank in Indonesia, but had significant effect in Malaysia. Partially, strategy formulation and organizational commitment approved to significantly affect the performance of Islamic commercial bank in Indonesia but leadership style did not affect performance. When strategy formulation, organizational commitment, leadership style and good corporate governance implementation were regressed together to predict performance, strategy formulation and organizational commitment, the result remain significant. However, leadership style and good corporate governance did not affect to performance. Thus, implementation of good corporate governance implementation was not able to mediate the effect of strategy formulation, organizational commitment and leadership style on the performance of Islamic commercial bank in Indonesia.

While for Malaysia, strategy formulation did significantly affect the performance of Islamic commercial bank, however organizational commitment and leadership style had no significant effect to performance. When strategy formulation, organizational commitment, leadership style and good corporate governance implementation were regressed together to predict the performance of Islamic commercial bank in Malaysia. However, organizational commitment and leadership style did not affect significantly to performance. Thus, implementation of good corporate governance could not mediate the effect of strategy formulation, organizational commitment and leadership style on the performance of Islamic commercial bank in Malaysia. Partially, the implementation of good corporate governance had no significant effect on the performance of Islamic commercial bank in Indonesia, which is different with what occurred in Malaysia where it showed partially that the implementation of good corporate governance affected significantly on the performance of Islamic commercial bank. The difference occurred was caused by the policy taken and applied in the implementation of good corporate governance depended on the banks' policy from every country, and the performance produced in Malaysia was better than in Indonesia.

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