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Profit Distribution Management and Determinant Factors: Empirical Study on Sharia Commercial Bank in Indonesia

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ABSTRACT: Profit Distribution Management is critical for Islamic bank managers to ensure the banks they manage are sustainable. Profit Distribution Management will serve as the foundation for depositors' decision to invest in sharia banks. The study's overarching objective is to ascertain the level of profit distribution management at a sharia commercial bank and the factors that influence it. According to this study, the distinguishing characteristics of a sharia commercial bank that affect profit distribution management are capital adequacy, the percentage of third-party funds, and the age of the bank. While macroeconomic and Sharia Supervisory Board specific factors had no effect on the profit distribution management of a sharia commercial bank. This study made a significant contribution to the Islamic banking manager, Bank Indonesia, the Sharia Financial Accounting Standards Board, and the Islamic banking depositor.

KEYWORDS: Profit distribution management, determinant factors, sharia commercial bank

I. INTRODUCTION

Banking institutions play a critical role in sustaining the country's economy (Mismiwati et al., 2022; Tharu & Shrestha, 2019). Banks play a critical role in boosting overall economic activity (Monnin & Jokipii, 2016). Banks serve as intermediaries between investors and lenders, facilitating cash transfers (Wu & Shen, 2013; Najwa et al., 2019). Following the passage of Law No. 21 of 2008, which regulates specifically Islamic banking, it has facilitated the rapid development of Islamic banks in Indonesia. Islamic banks, as defined by Law No. 21 of 2008, are those that conduct business in accordance with sharia principles. Sharia commercial banks, Sharia business units, and Sharia people's financing banks are all types of Islamic banks (Sharia Rural Bank). Islamic banks are pioneers in the Islamic finance sector, offering a diverse range of financial instruments based on Islamic sharia law (Lahrech et al., 2014). Alharbi (2015) defines Islamic banks as financial institutions that: (a) operate in accordance with sharia principles in all aspects of their operations, including their role as financial intermediaries between savers and investors; (b) provide banking services on a legitimate contract basis; and (c) strike a balance between economic and social benefits. Islamic banks operate in accordance with Islamic law and do not charge customers interest. The benefits of Islamic banks receiving and paying customers are contingent upon the terms of the customer's contract and agreement with the bank (Bank Indonesia, 2008).

Islamic banking and finance are subsets of a broader concept known as Islamic economics, which is concerned with the application of Islamic values and ethical systems to the economic environment (Muhammad, 2005). Islamic banking, as a result of this moral foundation, is not just a system of commercial transactions for the majority of Muslims. Many Muslims consider the way Islam is perceived in financial transactions to be a religious obligation. The benefits of Islamic financial institutions in attracting customers include their ability to generate profits and, on the other hand, the customer's belief that financial institutions adhere to Islamic sharia's limits (Wahyuni and Pujiharto, 2017). In line with this, Nadia et al. (2014) stated that Islamic banks' performance is determined by two factors: 1) their ability to increase profits for customers, and 2) their commitment to adhere to sharia limits for customers.

There are no distinctions between Islamic and conventional banks. The first is the bank's relationship with the customer. Islamic banks and customers have an agreement that establishes a partnership based on balanced rights (benefits), obligations, and responsibilities (risks). Second, Islamic banks operate in accordance with Islamic Muammalah, which promotes fairness and transparency and forbids actions inconsistent with Islamic sharia (Damayanti, 2008).

Profit-sharing arrangements in Islamic banking are agreed upon on the basis of a monthly ratio calculated by multiplying the choice of each banking product by a percentage determined by the agreement. Profit sharing or profit distribution management is the next responsibility of Islamic banks, namely the obligation to manage profits in order to meet profit sharing obligations to Islamic bank customers. Profit distribution management enables Islamic banks to compete on an equal footing with other banks, including conventional banks (Shahzadi et al., 2021). Profit Distribution Management is critical, according to researchers. Islamic banks in Indonesia have emphasized the importance of effective profit distribution management (Ernayani et al., 2017). In Indonesia, there are three market segments: traditional loyalists, sharia loyalists, and floating elements (Karim & Affif, 2005). Karim (2003) concluded that the majority, or approximately 70%, of depositors who entrust their funds to Islamic banks are floating segment depositors, who are highly sensitive to their earnings. According to Husnelly (2003) and Mangkuto (2004) research, the public considers profit-sharing when investing in Islamic banks. Muhlis (2011) discovered empirical evidence that the profit distribution in Islamic banks has the greatest influence on saving behaviour.

Additional research was conducted by researchers both within and outside the country to ascertain the determinants of the level of earnings distribution management. Farook, Hassan, and Clinch (2012) conducted research to determine whether Islamic banks engage in profit sharing and what factors influence this practice. The findings from a sample of 37 Islamic banks in 17 countries demonstrate that Islamic bank managers distribute profits according to the environment/market segment. Meanwhile, significant Earnings Distribution Management factors include religiosity, financial development, market concentration, depositor reliance, and bank age.

Numerous researchers have conducted research on this subject in Indonesia, including Mulyo and Mutmainnah (2012); Agus (2014); Waffaretta et al. (2015); Saputra and Muyassaroh (2015); Wati (2016); Agistia (2016); Rohmah et al. (2017); Ernayani et al. (2017); Fernando et al. (2017); and Rifadil and Munirudin (2017). (2017). The empirical evidence on the factors affecting Earnings Distribution Management obtained from various researchers remains inconsistent and inconsistent. This is what prompted the conduct of this study.

This research is critical. To begin, Islamic banks are founded on sharia principles that place a premium on Muammalah, justice, and cooperation in business, both in terms of profit and risk. Profit-sharing is determined by Islamic banks when they raise and pay funds through profit-sharing and profit-sharing. Profit sharing works only if the depositor's funds are first invested in the business, and then the profits are shared. As a result, Islamic bank managers must regulate profit sharing to ensure that Islamic banks can compete with their competitors and remain viable. This research is critical for Islamic bank managers to understand the factors that influence profit-sharing distribution. Second, this study examines in detail the factors affecting Islamic banks' profit distribution management, including financial factors, Islamic bank characteristics, DPS characteristics, and macroeconomic factors. It is critical for researchers and observers of Islamic banks to understand which factors have the greatest influence on how Islamic banks manage their profit distribution. Third, this study examines the development of Islamic Commercial Bank Management Profit Distribution over a six-year period (2015–2020).

II. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Theory of Prospects

This is a behavioral economic theory that explains how a person chooses between various alternatives when the possible outcomes are unknown.

Management of Profit Distribution

Profit distribution management is defined as a manager's activity of managing profits in terms of profit sharing distribution to customers for Islamic banks (Mulyo & Mutmainah, 2012). Profit distribution management refers to a manager's activity of managing profits in terms of profit sharing distribution to customers for Islamic banks.

This profit sharing management activity is conducted in accordance with an agreement reached prior to depositors investing their funds. Bank profits are distributed differently depending on the bank product selected by depositors.

Islamic Banking in Indonesia: Its History and Development

Islamic banks are financial institutions whose primary purpose is to collect funds and distribute them interest-free to individuals or institutions in need. Islamic banks' primary function is to ensure sharia compliance in business operations and transactions (Jan et al., 2021). While Islamic banks do not withhold profits, usury on loan capital is strictly prohibited (Miglietta & Forte, 2012). Bank Muamalat Indonesia (BMI) was Indonesia's first Islamic bank and a pioneer of Islamic banking; it was established at the government's initiative through the Indonesian Ulema Council (MUI). Bank Muamalat Indonesia was later backed by the Indonesian Muslim Intellectuals Association (ICMI) and a number of Indonesian Muslim entrepreneurs. Along with its development, the government enacted Law No. 7 of 1992, which was updated by Law No. 10 of 1998, laying the groundwork for the rapid growth of Islamic banks in Indonesia, which grew at the same rate as conventional banks (Handayani et al., 2019). As with conventional banking, Islamic banking in Indonesia provides loans, funding, banking services, and other products. Islamic bank products are distinguished by the absence of elements prohibited by Islamic law, namely gambling (masyir), insecurity (gharar), usury or interest, bribes or ryswah.

According to Indonesian Islamic Banking Statistics 2020, there were 14 Sharia Commercial Banks, 20 Sharia Business Units, and 163 Sharia Rural Banks in December 2020. Sharia Commercial Bank has 488 branches, while Sharia Business Unit 162 branches, spread across Indonesia. Sharia Commercial Bank's total assets are Rp397,073,000,000,000.00, and Sharia Business Unit's total assets are Rp196.875.000,000,000.00. Although Islamic banking capital in Indonesia is still less than conventional banks in terms of market share and performance (Handayani, 2021), the potential for Islamic banks in Indonesia is enormous.

Development of Hypotheses

Capital Adequacy's Effect on Profit Distribution Management

Bank capital adequacy is defined as the bank's ability to provide sufficient capital, protect capital from risky productive investment assets, and finance fixed assets and invest. The Capital Adequacy Ratio (CAR) is a standard for determining the capital capacity of banks, including Islamic banks (Muhammad, 2009). A bank is considered healthy if it possesses the required capital. Capital owned exceeds the bank's minimum risk tolerance. Capital that outperforms expectations demonstrates its ability to generate an enticing profit distribution. On the other hand, the CAR level is in trouble and uncertain because it is below the bank's requirement (Zheng et al., 2017). On the basis of this explanation, the study's first hypothesis is as follows:

H1: Adequacy of capital has a beneficial effect on profit distribution management.

The Impact of Funds' Effectiveness on Profit Distribution Management

Third party funds (TPF) that are effective reflect the bank's ability to channel third party funds to financing. The financing can be used to determine the importance of third-party funds in relation to the Financing Deposit Ratio (FDR). The higher the ratio (according to Bank Indonesia, between 85 and 100 percent), the more sound the bank, as the funding disbursed by the bank is smooth, increasing the bank's income. Maintaining a high level of liquidity will facilitate customer relations, but will result in a decrease in profit sharing due to the abundance of idle funds. On the other hand, insufficient liquidity demonstrates a precarious liquidity position. As a result, if the effectiveness of third-party funds is greater as measured by the FDR ratio, the profit-sharing margin will be greater as well. The second hypothesis that will be tested in this study is as follows:

H2: Third-party funds' effectiveness has a beneficial effect on profit distribution management.

Risk Financing's Effect on Profit Distribution Management

The term "funding risk" refers to the risk of non-performing loans that Islamic banks face. Non-Performing Financing can be used to quantify funding risk (NPF). NPF is a ratio used to assess a bank's ability to manage the risk of debtors defaulting on credit payments. The greater the percentage, the less reputable Islamic bank financing is. Bank Indonesia determined that the ideal NPF ratio is less than 6% in Circular Letter No.6/23/DPNP dated 31 May 2004. The higher the bank's financing quality, the lower the NPF level. Profit sharing will be reduced if the funding risk is greater. The third hypothesis to be tested in this study is as follows:

H3: Finance risk has a detrimental effect on profit distribution management.

The Impact of Third-Party Funds on Profit Distribution Management

The proportion of third-party funds (PTPF) is a measure of a bank's reliance on depositor funds. Funds are a significant issue for banks as financial institutions because public funds are the most critical source of funds for banks. Without sufficient funds, the bank cannot perform its functions optimally or even at all. PTPF is a proxy for a bank's reliance on third-party funds. The fourth hypothesis that will be tested in this study is as follows:

H4: The proportion of third-party funds has a beneficial effect on profit distribution management.

The Effect of Asset Loss Allowance on Profit Distribution Management

Bank Indonesia stipulates in Bank Indonesia Regulation No. 5/9/2003 regarding PPAP for Islamic banks that Islamic banks must establish a PPAP to cover the risk of loss associated with the investment of funds. Although Bank Indonesia limits the allowance amount to a specific percentage, the bank management retains the discretion to determine the quality of assets based on the provisions of the PBI and to establish PPAP reserves as objects for earnings management. As a result, this PPAP encourages banks to take greater risks in financing because they are assured that profits will be distributed to customers

(Saputra & Muyassaroh, 2015). As a result, the greater the PPAP rate, the lower the level of Profit Distribution Management. According to Wati (2016)'s theory and explanation, the fifth hypothesis to be tested in this study is as follows:

H6: PPAP has a detrimental effect on profit distribution management.

The Profit Distribution Management Effects of Asset Composition (AC)

The asset composition of Islamic banks, particularly those with exposure to fixed interest rate financing, can have an effect on how profits are distributed to depositors. The asset composition is calculated using the asset-to-loan asset ratio (LATA). LATA Fixed-rate Islamic bank financing (receivable side). Customers who own funds in the floating segment will be subject to interest rate changes and will hope to earn returns comparable to those offered by other banks. LATA determines the level at which Islamic banks manage profit distribution for return mismatches in market conditions where interest rates change (Farook et al., 2009). As a result, the higher the LATA ratio, the more sophisticated the earnings distribution management (PDM).

H6: Asset composition has a beneficial effect on profit distribution management

Profit Distribution Management's Effect on Earning Asset Management (PAM)

Earning Asset Management demonstrates a bank's ability to generate interest income by examining its performance in disbursing financing, given that the bank's operating income is highly dependent on the interest spread (spread) on the disbursed financing. Earning Asset Management (PAM) can be calculated by dividing the Net Interest Margin (NIM) by the total number of assets (Ezohoa, 2011). Thus, the higher the NIM, the better a bank's cost control.

Therefore, if it is consistent with stakeholder theory, Islamic bank managers will maximize the spread between profit sharing and financing margins in order to avoid Islamic banks losing profit margins. Profit margin expansion will also result in an improvement in earnings distribution management (PDM) in line with the increase in NIM. According to the preceding description, the seventh hypothesis can be stated as follows:

H7: Profit distribution management benefits from earning asset management.

The Impact of Bank Life on Profit Distribution Management

According to Farook et al. (2009), a new bank is synonymous with a newly established business in the context of a bank. The newly installed bank is unaware of the bank's condition. A newly established bank must be capable of taking actions that foster stakeholder trust. Farook et al. (2009) argue that it is challenging for a business to begin operations, let alone make a profit in the early years. It is disastrous for Islamic banks, owing primarily to a profit-sharing system. Due to the difficulty of earning a profit, profit sharing will be reduced, resulting in depositors withdrawing funds and transferring them to banks that offer higher yields (replacement funds). The eighth hypothesis that will be tested in this study is as follows:

H8: bank maturity has a detrimental effect on profit distribution management.

The Size of the Bank Has an Effect on Profit Distribution Management

Larger companies are more likely to share profits than smaller banks. According to prospect theory, large companies typically engage in an increasing number of complex activities and possess the capability and opportunity to grow the funds they manage. That is, the larger the company, the more sophisticated the profit distribution management.

According to the description above, the following nine hypotheses will be tested in this study:

H9: The size of an Islamic bank has a beneficial effect on profit distribution management.

The Inflation Rate's (IR) Influence on Profit Distribution Management

Inflation increases demand for a variety of goods, which stimulates their production. This increase in production will alter the existing pattern of factor allocation in the manufacturing process. The majority of economists argue that inflation can result in inefficient factor allocation. The tenth hypothesis to be tested in this study is as follows:

H10: Inflation has a detrimental effect on profit distribution management.

The Effects of Board Size on Profit Distribution Management in Sharia

The size of the sharia supervisory board is determined by the number of members on the board. The large sharia supervisory board believes it will successfully carry out its mandate of ensuring Islamic banks adhere to higher ethical, legal, and sharia principles. DPS is expected to assist management in disseminating results that are sharia-compliant. It is based on the stakeholder theory; the sharia supervisory board can encourage management, as the executor of the company's operations, to comply with BI regulations and carry out Islamic banks' social functions that contribute to the community's economic welfare (Khoiruddin, 2013). As a result, the more Sharia Supervisory Board members there are, the higher the level of profit distribution management for Islamic banks. The eleventh hypothesis to be tested in this study is as follows based on this description:

H11: The Sharia Supervisory Board's size has a beneficial effect on profit distribution management.

The Effects of Sharia-Competent Supervisory Boards on Profit Distribution Management

Generally, Sharia supervisory boards are formed to satisfy a variety of stakeholders (Grassa & Chakroun, 2016). The sharia supervisory board's primary function is to direct, review, and supervise the activities of Islamic banks. It is responsible for ensuring that Islamic banks operate in accordance with Islamic law. The Sharia Supervisory Board should ideally be composed of scholars familiar with Islamic law and experts in the field of Islamic economics. The sharia supervisory board's general responsibilities include the prohibition of usury, the prohibition of Gharar, the calculation of zakat payments, the issuance of fatwas for new products, and guidance on profit and loss distribution between shareholders and investors (Grais & Pellegrini, 2006). Sharia supervisory boards should be completely self-sufficient, as they are appointed to conduct business in accordance with sharia law (Farag et al., 2018). The more competent DPS members there are, the higher the standard of BUS Profit Distribution Management will be. The twelfth hypothesis to be tested in this study is as follows based on the description above:

H12: Sharia-compliant supervisory boards have a beneficial effect on profit distribution management

III. RESEARCH METHODS

This is quantitative research, which emphasizes theory testing by quantifying research variables with numbers in order to test hypotheses. Prospect theory and stakeholder theory will be tested in this research.

This research will focus on an Islamic commercial bank that was listed on the Indonesian Stock Exchange between 2015 and 2019. This study focuses on Islamic Commercial Banks because they conduct transactions in a manner that is distinct from conventional or general banking. Additionally, Islamic Commercial Banks has comprehensive data on the variables under study. The data used is secondary data, that is, data that has been obtained in an indirect manner and published. The data is derived from the annual report of Islamic banking, which can be accessed via the Bank Indonesia (BI) website or the official Islamic banking website. The documentation method was used to collect data for this study. Data are gathered, recorded, and analyzed.

Purposive sampling was used with specific criteria to obtain a representative sample that met the research objectives. The dependent variable (Y) and profit distribution management are used in this study (PDM). This study, based on the research model of Farook et al. (2012), calculates earnings distribution management using asset spreads. The asset spread is the absolute difference between the Return On Assets (ROA) and the Average Return On Investment Account Holders (ROIAH), the depositors' average return. The following formula can be used to calculate the asset spread:

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The average ROIAH can be calculated using the following formula:

$$\text{Averaga ROIAH} = (\text{profit to be share})/(\text{averaage return for depositors}) \times 100\%$$

The regression model used is as follows:

$$PDM = \alpha+\beta_1 CAR + \beta_2 FDR + \beta_3 NPF + \beta_4 PTPF + \beta_5 AWPA + \beta_6 LATA + \beta_7 EAM + \beta_8 BA+\beta_9 BS +\beta_{10} IR + \beta_{11} SSSDB + \beta_{12} CSSB + \beta_{13} ROA +e$$

Notation:

PDM: Profit Distribution Management

α: constanta

$\beta 1$ - $\beta 13$: coefficient

CAR: Capital Adequacy Ratio; FDR: financing to Debt Ratio (effectiveness of third party funds); NPF: Non-Performing financing (financing risk); PTPF: Proportion of third party funds; AWPA: Allowance for a write-off of productive assets; LATA: loan assets to total assets (asset composition); EAM: Earnings Asset Management;BA: Bank Age; BS: Bank Size; IR: Inflation Rate; SSSB: Size of Sharia Supervisory Board; CSSB: Competence of Sharia Supervisory Board; ROA: Return on Assets; e: error term

IV. RESULT

RESEARCH SAMPLE SELECTION RESULTS

Table 1. Research Sample Selection Process

No.	Criteria	Total Sampel
1	Sharia Commercial Banks registered in Bank Indonesia for the period 2015-2019	14
2	Islamic Commercial Banks that have not published the company's annual report for 2015-2019	(5)
3	Islamic Commercial Banks as the research sample	9
4.	Total observation data (9 x 6 years of observation)	54

Results of Descriptive Statistical Analysis of Research Variables

The results of the descriptive analysis of the research variables are shown in table 2 below:

Table 2. Descriptive Statistics of Research Variables

The Name of variable	n	Minimum	Maximum	Means	Standard Deviation
PDM	54	-3.400	55.00	0.1022	9.62498
CAR	54	0.11	75,83	23.2324	15.97438
FDR	54	71.87	197.70	95.6878	21.30758
NPF	54	0.001	4,93	2.3893	1.63763
PTPF	54	0.001	1.00	0.6939	0.26794
AWPA	54	0.001	29.35	2.4139	5.15303
LATA	54	8.53	100.20	61.9602	24.47863
EAM	54	-11.75	22.09	4.3526	4.3983
BA	54	2.00	26.00	10.2778	6.36446
BS	54	24.00	38.00	29.49	2.296
IR	54	3.00	8.00	5.17	2.316
SSSB	54	2.00	23.00	2.7037	2.85257
CSSB	54	1.00	1.00	1.00	0.0000
ROA	54	-20.13	9.51	0.8070	3.68607
Valid N (by list) 54					

Source: secondary data processed, 2020

Results of Measurement of Profit Distribution Management (PDM) Levels of Islamic Commercial Banks

The results of the 2015-2020 Sharia PDM Measurement are shown in the following table 3

Table 3 PDM Measurement Results for Islamic Commercial Banks in 2015-2020

2015	**2016**	**2017**	**2018**	**2019**	**2020**
01.33	00.44	01.50	00.07	00.37	01.25

Source: Processed secondary data, 2020

Table 3 above shows that the highest average profit distribution management achieved in year 2017 is 01.50%. Meanwhile, the lowest level of average Profit Distribution Management occurred at year 2018, which was 00.07%.

Results of Hypothesis Testing Factors Determining Profit Distribution of Islamic Commercial Banks for the 2015-2019 Period are sown in table 4 below

Table 4. The Result of Testing Hypotheses

The name of variables	Prediction of direction of hypotheses	Coefficient	t-statistics	p-value	Decision
CAR	β1(+)	-0.246	-2.037	0.048**	Not supported
FDR	β2 (+)	0.034	0.319	0.751	Not supported
NPF	β3 (-)	1.203	1.276	2.209	Not supported
PTPF	β4 (+)	-6,975	-1,049	0.300	Not supported
AWPA	β5 (+)	0.613	1,915	0.063*	Supported
LATA	β6(+)	0.044	0.720	0.476	Not supported
EAM	β7(+)	-0.004	0.015	0.988	Not supported
BA	β8(+)	-0.043	-0.181	0.857	Not supported
BS	β9 (-)	-1.269	-1.769	0.085*	Supported
IR	β10(+)	- 0.252	0.429	0.670	Not supported
SSSB	β11 (-)	-0.108	0.176	0.861	Not supported
CSSB	β12(+)	-0.032	-0.020	0.894	Not supported
ROA	β13 (+)	-0.824	2.118	0.040*	
R2 36.6% Adjusted R2 16.00% F-Stats 1,774 54 Observation ** significant up to 5% * Significant up to 10%					

The Impact of Capital Adequacy on Islamic Commercial Banks' Profit Distribution Management (PDM)

According to the study's first hypothesis, Islamic Capital Adequacy has a beneficial effect on Earnings Distribution Management. According to the test results in Table 4, the Capital Adequacy coefficient is 0.246 with a negative sign and a t-statistic of 0.048. (significant at 5 percent). The direction of the coefficient is the inverse of what one would expect. The study's initial hypothesis is not supported. According to the findings of this study, the higher the CAR ratio, the lower the level of profit sharing by management. It demonstrates that Islamic Commercial Banks in Indonesia typically maintain an 8 percent CAR ratio. According to Muhammad (2009), CAR serves as a proxy for banks' ability to maintain sufficient capital to cover the risk of loss associated with investing in risky productive assets and financing fixed assets and investments. The findings of this study corroborate Muyassaroh and Saputra (2015) but contradict Rifadil and Munirrudin's investigation (2017).

The Effect of Third-Party Funds' Effectiveness on Profit Distribution Management

The study's second hypothesis is that Third Party Funds improve profit distribution management. The test results in Table 4 indicate that coefficient 2 has a positive direction and a value of 0.034, the t-statistic is 0.319, and the p-value is 0.751. (not significant). As a result, the research hypothesis is invalid. This means that regardless of the size of the Third Party Funds ratio, it has no effect on the level of profit shared by management.

The findings of this study corroborate those of Mulyo and Mutmainah (2013), Agus, Yunilma, and Damayanti (2014), Muyassaroh and Saputra (2015), and Rifadil and Munirrudin (2017), but contradict those of Kartika and Adityawarman (2012); Wafaretta, Rosidi, and Rahman (2016); and Alteza, Rosidi, and Rahman (2017).

Financing Risk's Impact on Profit Distribution Management

The third hypothesis is that financing risk has a detrimental effect on profit distribution management. The results of the test in Table 4 indicate that the coefficient 3 has a positive value of 1.203, the statistic is 1.276, and the p-value is 0.209. (not significant). As a result, the third hypothesis of this study was refuted. These findings indicate that regardless of the size of the Financing Risk ratio, it has no effect on the level of profit sharing carried out by management. The findings of this study contradict those of Rifaldi and Munirrudin (2017), as well as Muyassaroh and Saputra (2015).

The Impact of the Third Party Funds Proportion (PDPK) on Profit Distribution Management

According to the fourth hypothesis of this study, PDPK has a beneficial effect on Earnings Distribution Management. The test results in Table 4 indicate that the positive coefficient 5 is 0.613, the statistic is 1.915, and the p-value is 0.63. (significant at 5 percent). Thus, the research hypotheses were successfully supported. The findings indicated that the greater the share of Third Party Funds, the greater the profit sharing. This is due to Islamic banks' reliance on Third Party Funds. The findings of this study corroborate those of Farook, Hasan, and Clinch (2012); Wafaretta, Rosidi, and Rohman (2016); and Alteza (2017), all of whom discovered empirical evidence that the Proportion of Third Party Funds had a beneficial effect on the Profit Distribution Management of Sharia Commercial Banks.

The Effect of Earnings Asset Allowance on Earnings Distribution Management

The fifth hypothesis of this study is that Allowance for Earning Assets improves profit distribution management. The test results in Table 4 indicate that the coefficient 5 has a positive value of 0.044, the t-statistic is 0.720, and the p-value is 0.476. (not significant). As a result, the research hypothesis is invalid. This result implies that regardless of the PPAP ratio, it has no effect on the level of profit sharing exercised by management. The findings of this study corroborate Muyassaroh and Saputra (2015).

The Profit Distribution Management Effects of Asset Composition

According to the seventh hypothesis of this study, Asset Composition has a beneficial effect on Earnings Distribution Management. The coefficient value of 7 is 0.004 in the negative direction, the t-statistic is -0.015, and the p-value is 0.988, as shown in Table 4. (not significant). As a result, the study's sixth hypothesis was not supported. These findings indicate that the size of the Asset Composition ratio has no bearing on the level of results shared by management.

The findings of this study corroborate Agus, Yunilma, and Damayanti (2012); Muyassaroh and Saputra (2015); Wafaretta, Rosidi, and Rohman (2016); but contradict Farook, Hasan, and Clinch (2012); Mulyo and Mutmainah (2013); Kartika and Adityawarman (2016). (2014).

Profit Distribution Management and the Effect of Earning Asset Management (EAM)

According to the seventh hypothesis of this study, EAM has a beneficial effect on Earnings Distribution Management. The coefficient value 7 is 0.043 in the negative direction, the t-statistic is -0.181, and the p-value is 0.857, as shown in Table 4. (not significant). As a result, the seventh hypothesis of this study was rejected. These findings indicate that regardless of the size of the EAM ratio, it has no effect on the level of profit sharing carried out by management.

The Age of the Bank Has an Effect on Profit Distribution Management

According to the eighth hypothesis of this study, BUS age has a detrimental effect on Earnings Distribution Management. The coefficient value 8 is 1.269 in the negative direction, the t-statistic is -1.769, and the p-value is 0.085, as shown in Table 4.4. (significant at 10 percent). As a result, the eighth hypothesis was successfully supported. This means that the older the Sharia Commercial Bank, the less profit sharing the management receives.

The findings of this study corroborate those of Farook, Hasan, and Clinch (2012); Mulyo and Mutmainah (2013), but contradict those of Wafaretta, Rosidi, and Rahman (2016). The findings of this study are consistent with the prospect theory. Bowman (1980) argues that if a bank's current operating income is low, it must take risks in order to earn a profit.

How Bank Size Affects Profit Distribution Management

According to the ninth hypothesis of this study, the size of the BUS has a beneficial effect on Earnings Distribution Management. The coefficient 10 is 0.251 in the negative direction, the t-statistic is -0.442, and the p-value is 0.670, as shown in Table 4. (not significant). As a result, the ninth hypothesis of this study was rejected. These findings indicate that the Sharia Commercial Bank's size has no bearing on the level of results shared by management.

The Inflation Rate's Effect on Profit Distribution Management

According to the tenth hypothesis of this study, inflation has a negative effect on Earnings Distribution Management. The coefficient is 0.108 in the positive direction, the statistic is 0.176, and the p-value is 0.861, as shown in Table 4. (not significant). As a result, the research hypothesis is invalid. These findings indicate that regardless of the level of inflation in Indonesia, management profit sharing remains constant.

The Size of the Sharia Supervisory Board Has an Effect on Profit Distribution Management

The study's eleventh hypothesis predicts that the size of the BUS sharia supervisory board has a beneficial effect on Earnings Distribution Management. The coefficient 11 is -0.108 in the negative direction, the t-statistic is -0.176, and the p-value is 0.861, according to the test results in Table 4. (not significant). As a result, the research hypothesis is invalid. These findings indicate that regardless of the size of the Sharia Supervisory Board, it has no effect on the level of profit sharing carried out by management. It demonstrates that the size of the Sharia Supervisory Board has not been used to determine the level of profit sharing for management.

The Impact of a Sharia Supervisory Board of Competence on Profit Distribution Management

The study's twelve hypotheses predict that increasing the size of the BUS sharia supervisory board will improve Earnings Distribution Management. The coefficient 11 is 0.032 in the negative direction, the t-statistic is -0.020, and the p-value is 0.984, as shown in Table 4. (not significant). As a result, the research hypothesis is invalid. These findings indicate that regardless of the Sharia BUS supervisory board's competence, it has no effect on the level of profit sharing exercised by the management. It demonstrates that DPS competence was not used to determine management's profit-sharing ratio.

The Outcome of the Robustness Test

As can be seen from the results of the hypothesis tests above, they did not successfully support all of the hypothesized variables. While testing the ROA variable as a control variable produced statistically significant positive results. This means that ROA is a factor that management considers when determining the level of profit sharing. Additional testing was conducted to determine whether ROA can act as a moderator of the effect of independent variables on Earnings Distribution Management. The findings indicate that ROA can help mitigate the effect of Third Party Fund Effectiveness, Third Party Fund Proportion, Allowance for Earnings Assets, Age (AGE), and Competency of DPS Supervisors on Profit Distribution Management.

CONCLUSIONS

Based on the analysis results in chapter four above, we can conclude that the financial factors affect the capital adequacy of managing profit distribution, the proportion of third-party funds, and the age of the bank. Meanwhile, macroeconomic characteristics and Sharia Supervisory Board do not affect the profit distribution of Islamic commercial banks.

This study has limitations that may affect the results. 1) This study only examines Islamic Commercial Banks for the 2013-2017 period, so they are less able to represent Islamic banking in Indonesia. 2) This study uses annual data to measure research variables so that the sample obtained is not optimal.

Suggestions for further research are i) Testing all Islamic banking in Indonesia, including Sharia Commercial Banks, Sharia Business Units, and Sharia People's Financing Banks, so that the results will be more generalized. ii) Using quarterly data so that the results will be more comprehensive and more samples will be obtained

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