

Corporate Social Responsibility, Customer Loyalty, and Financial Performance: Empirical Findings from the Islamic Bank

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ABSTRACT

Great attention to financial performance is the key to building solid competitiveness in the Islamic banking industry. By exploring the role of Islamic banks in social programs, this study estimated the relationship between CSR (corporate social responsibility) and financial performance, either directly or through the mediating role of loyalty. These paths trace the ability of CSR to create customer support for Islamic banks which then gives birth to positive financial performance. This study surveyed 505 Islamic bank customers. To test the direct and indirect relationships between CSR and the financial performance of Islamic banks, this study employed the PLS (partial least square) method. Empirical estimation results showed that CSR convincingly affects financial performance directly and positively. Meanwhile, indirectly, it can connect positively with financial performance through the mediating role of customer loyalty. This study contributes to the development of stakeholder theory. For the industry, this study contributes to determining the direction of CSR development, which has implications for increasing the organization's public support and financial performance.

KEYWORDS

CSR
Loyalty
Financial performance
Stakeholder theory
Islamic bank

INTRODUCTION

The world's Islamic banking industry currently has assets of 1.841 billion USD and actively increases economic growth through interest-free financing (M. Anwar et al., 2020; Reserve Bank of Malawi, 2021). The presence of Islamic banks in the world community is significant because of their ability to promote micro business, increase capital for the halal industry, and support country development (Dandis & Wright, 2020; Matarneh & Almanaseer, 2015). Although contributive to economic progress, Islamic banking is not yet competitive with conventional banking, as indicated by the low market share, company size, and capital (Fusva et al., 2020). In addition, the challenges of Islamic banking in improving financial performance today are increasing due to changes in consumer characteristics and disruptive factors. If they are not appropriately addressed, it is complicated for

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Islamic banks to develop in the future. For this reason, to increase the level of competitiveness, exploring the factors that affect the financial performance of Islamic banking is vital.

Recently, scholars have majorly used CSR as a predictor of Islamic banking financial performance (Harun et al., 2020). The use of CSR in predicting the financial performance of Islamic banking is principal because these social activities not only improve bank relations with stakeholders but also increase bank productivity (Abu Al-Haija et al., 2021). In investigating the relationship between CSR and the financial performance of the Islamic banking industry, scholars used secondary data reports based on the managerial perspective (Harun et al., 2020; Mallin et al., 2014; Zafar et al., 2022). However, none of the studies linked CSR with the financial performance of Islamic banks directly and through the mediation role of loyalty from the customer's perspective. The importance of investigating customer perspectives is because, after all, customers have a powerful position in determining the sustainability of Islamic bank business (Suhartanto, 2019). Based on the success of non-banking studies in discussing CSR from a consumer perspective (Islam et al., 2021; Latif et al., 2020), this study used CSR as a direct predictor of financial performance and loyalty as a mediator of the relationship between CSR and financial performance of the Islamic banking industry. The active role of these factors is believed to increase the competitiveness of Islamic banking so that it is increasingly contributing to the market and society.

In addressing the research gap, this study aimed to predict the financial performance of the Islamic banking industry in two ways; (1) by investigating the direct relationship between CSR and the financial performance of Islamic banks and (2) by investigating the indirect relationship of CSR and the financial performance of Islamic banks through the mediating role of customer loyalty. This study observed Indonesian Islamic banking for three critical reasons. First, Indonesia is the best Islamic financial market in the world based on the IFCI index (Edbiz Consulting, 2020); the growth of the country's Islamic banking industry dramatically affects the world's Islamic financial structure. Second, with the world's largest Muslim population (209.12 million people), this country's Islamic banking has the potential to increase market penetration (Suhartanto et al., 2019). Third, the Indonesian Sharia Economic Masterplan optimizes the role of CSR to advance the public economy and the Islamic finance industry (KNEKS, 2018). Based on this description, research that specifically explores the relationship between CSR, loyalty, and financial performance of Islamic banks has excellent prospects in advancing the economy of Muslim countries such as Indonesia.

LITERATURE REVIEW

Background of Theory

Previous studies employed different theoretical backgrounds in CSR, but stakeholder theory often pays attention to it (Islam et al., 2021; Javed et al., 2020). Stakeholder theory explains that companies strive to optimally meet the expectations of interested parties because their support determines the company's success in achieving goals (Freeman & Cavusgil, 1984; Gürlek et al., 2017). Bhattacharya et al. (2009) and Islam et al. (2021) argued that consumers are the company's most important stakeholders because, after all, the company's business thrives if customers give appreciation and support. In the context of Islamic bank CSR, banks can create social programs to increase customers' positive responses, which will further lead to the bank's financial performance. This study utilized stakeholder theory as a foundation for thinking because, at present, CSR has an outstanding contribution to advancing the organizational performance of business companies to increase stakeholder support. This study can sharpen views on the relationship between CSR and financial

performance in Islamic banks through stakeholder theory, either directly or through the mediating role of loyalty.

Scholars distinguished between stockholders and stakeholders. Stockholders rely on financial performance while stakeholders rely on company holistic factors (Sawmar & Mohammed, 2021). Based on stakeholder theory, stockholder support is not enough to guarantee companies' existence in the future (Belasri et al., 2020). Therefore, companies need consumers and the public as big stakeholders. In this era, the company's relationships with consumers and the public are developed through CSR activities because these programs can create broad social benefits (Bukhari et al., 2020). This effort makes the company's reputation positive and the company's market network strong. That is why, in the perspective of stakeholder theory, companies should pay great attention to CSR programs.

Corporate Social Responsibility

Public service companies place CSR as a strategy to increase public support and at the same time advance company performance (Aramburu & Pescador, 2019). In this case, scholars defined CSR as a company's commitment to contribute to development, smoothen relationships with employees, strengthen relationships with consumers, and create a green environment (Bardos et al., 2020; Ghaderi et al., 2019). Especially for Islamic banking, CSR is not only important to raise business reputation but is also essential to express the values of religiosity and spirituality (Jaiyeoba et al., 2018). This definition reflects the strategic role of CSR in social communities and represents the policies of companies from various countries (Belasri et al., 2020; Latif et al., 2020). Therefore, for every company today, implementing CSR means making the company more perfect in the eyes of stakeholders.

The previous literature complemented each other in describing consumer perceptions of public service companies' CSR. Chang & Yeh (2017), Xie et al. (2017), and Latif et al. (2020) described CSR as a program to improve the quality of company services to consumers, raise employee work comfort, increase concern for social communities, and preserve a green environment. While J. Park et al. (2014) and Islam et al. (2021) added business ethics items to convince the public that the business is following the rules, does not harm the public, and is compatible with efforts to prosper the community and stakeholders. In completing these items, Jalilvand et al. (2017) used professional standards to reveal whether the company is very proficient in doing business and whether the results are beneficial to the public. All of these items are very important in measuring the perception of Islamic bank customers regarding CSR. Therefore, in exploring customers' views on CSR, this study made use of these items.

Loyalty

In the business world, loyalty is described as the tendency of consumers to choose a business product and maintain an ongoing relationship with the company that provides the business product (Singh & Sirdeshmukh, 2000). This definition explains that a loyal customer is always stable in interacting with the company he is interested in and enjoys his relationship with the company. In the Islamic banking industry, bankers always strive to pursue customer support by identifying ways to make customers loyal (Suhartanto et al., 2019). Thus, insight into loyalty will continue to grow, and therefore companies must align business strategies with the development of such loyalty.

Business studies explain consumer loyalty with two approaches, namely, (1) behavioral and (2) attitudinal. Behavioral loyalty indicates the level of frequency that consumers spend on a product

(Fusva et al., 2020). Through this behavioral approach, researchers estimate loyalty by looking at whether consumers buy a product repeatedly. However, experts stated that behavioral loyalty is not comprehensive in describing consumer loyalty (Suhartanto et al., 2019). That is why they suggested using the attitudinal approach because it can represent consumers' psychology and emotional commitment well (Mohd Thas Thaker et al., 2019). Through an attitudinal approach, researchers can determine the resilience of consumers in choosing a product where the consumer does not change his choice even though other products have more competitive quality (Alam et al., 2020). This study agreed on the integration of the two approaches in observing consumer loyalty. Therefore, in revealing the loyalty of Islamic bank customers, this study combined the behavioral and attitudinal approaches.

Financial Performance

Every business is interested in advancing financial performance, including Islamic banking entities (Fusva et al., 2020). Financial performance is defined as a parameter of a company's success in generating profits within a particular time duration (Jan et al., 2019). Other experts (Ullah & Khanam, 2018) defined financial performance as a measure of a company's ability to create sound business finances. Financial performance information is vital for reviewing the company's prospects, developments, and business opportunities. Financial performance is measured quantitatively, which includes analysis of liquidity, solvency, profitability, and stability, but can also be identified through non-quantitative analysis (Mbama & Ezepue, 2018). In CSR studies, experts (Reverte et al., 2016; Saeidi et al., 2015; Xie et al., 2017) focused on utilizing profitability parameters such as ROA, ROE, ROI, and Net Profit margin, and the results are very satisfactory.

Research investigating financial performance has contributed to increasing the competitiveness of companies from various countries (Al-Malkawi & Pillai, 2018; Ullah & Khanam, 2018). Although it can be estimated through financial statements, some researchers (Fusva et al., 2020; Keisidou et al., 2013; Mbama & Ezepue, 2018) took advantage of stakeholder perceptions in understanding the company's financial performance. The importance of using stakeholder perceptions is because of their ability to explain financial performance in detail over a particular period. In the last decade, CSR researchers have been very active in disclosing financial performance through the opinions of these stakeholders (García-Madariaga & Rodríguez-Rivera, 2017; Javed et al., 2020). This effort sharpens knowledge about the relationship between CSR and financial performance and can improve the company's strategy. Based on these reasons, this research integrated stakeholders to explain the financial performance of Islamic banks in the observed period.

Hypotheses Development

In the era of open information, stakeholders can monitor the company's financial performance through various sources of financial information (Theodoulidis et al., 2017). That is why, to get the support of these stakeholders, companies seek to create financial performance achievements through the role of various factors, and CSR is one of the factors to rely on (Javed et al., 2020). Scholars found that CSR is compelling in improving the financial performance of companies which is indicated by the increase in various dimensions of profitability (Javed et al., 2020; Reverte et al., 2016; Saeidi et al., 2015; Theodoulidis et al., 2017; Xie et al., 2017). Recent research supported this opinion by suggesting that initiatives toward the development of CSR programs can positively and significantly improve the company's financial performance (Javed et al., 2020). The discussion legitimizes the

relationship between CSR and financial performance today. For this reason, in the context of Islamic banking, this research assumed the following hypothesis.

H₁: CSR has a direct and positive effect on financial performance.

Experts argued that CSR is an excellent strategy for generating consumer loyalty (Aramburu & Pescador, 2019; Mandhachitara & Poolthong, 2011). Based on this opinion, the better the development of CSR programs, the greater the public support for the company (Chang & Yeh, 2017; Lee et al., 2017). With more and more public support the company gets through purchasing business products, the company's financial performance will be better (Keisidou et al., 2013; Liang et al., 2009). Recent researchers reinforced this view by stating that the progress of the financial performance of business companies is the effect of changes in consumer loyalty (Eklof et al., 2020; Fusva et al., 2020; Mbama & Ezepue, 2018). This condition explains that loyalty can play an active role in positively connecting CSR with financial performance through loyalty. The description presents the following hypothesis.

H₂: CSR has an indirect positive relationship with financial performance through loyalty.

Figure 1 describes the direct and indirect relationship between CSR and the financial performance of Islamic banks

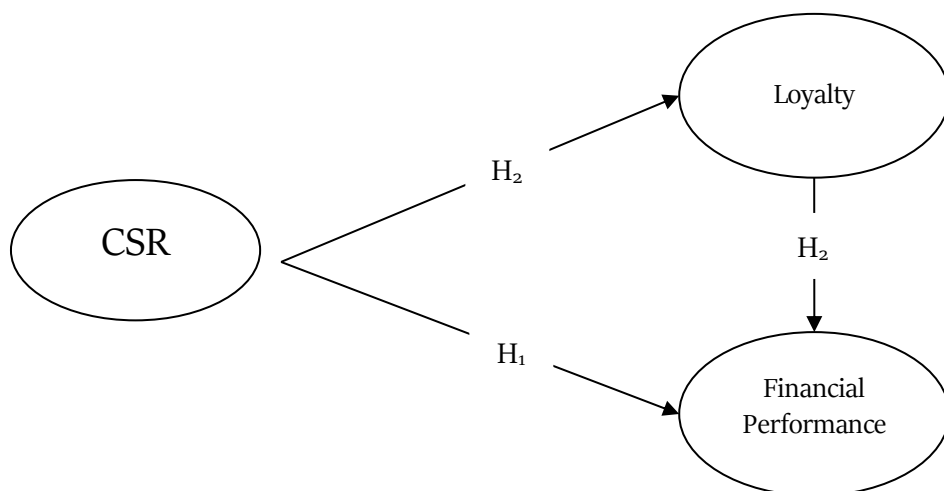


Figure 1. The proposed model

RESEARCH METHOD

This study observed the financial performance of Islamic banks based on the role of CSR and loyalty factors. In describing customers' perceptions of financial performance, this study adopted the indicators developed by Chi & Gursoy (2009), Fusva et al. (2020), and Keisidou et al. (2013). The indicator consists of four items that explain ROA, ROE, ROI, and net profit margin. We interviewed several Islamic bank experts to justify measuring financial performance based on customer

perceptions. The interviews concluded that these indicators could explain the financial performance of Islamic banking.

By adapting Chang & Yeh (2017), Jaiyeoba et al. (2018), and Latif et al. (2020), this study explained CSR factors through 7 indicators consisting of harmonious relationships between customers and Islamic banks (3 indicators), Islamic bank corporate responsibility in business (1 indicator), Islamic bank involvement in overcoming social problems (1 indicator), Islamic bank participation in improving micro-enterprises (1 indicator), and the active role of Islamic bank in restoring environmental damage (1 indicator). Meanwhile, to describe loyalty, this study used five indicators developed by Alam et al. (2020), Fusva et al. (2020), and Suhartanto et al. (2019). We present all of the instrument constructs in Table 2. The indicators of CSR, loyalty, and financial performance were measured according to a 5-point Likert scale; 5 means strongly agree, and 1 means strongly disagree.

This study surveyed active Islamic bank customers through self-administered questionnaires. Due to the difficulty of identifying the customer population, we selected respondents using convenience sampling. This method is a non-probability sampling pattern that allows researchers to find members of the population easily and quickly. We surveyed 520 Islamic bank customers in Bandung, Indonesia, from April-July 2021. 505 questionnaires were returned to the author with complete entries and were eligible to proceed to the analysis stage.

In testing the validity and reliability of constructs, this study utilized PLS (Partial Least Square) based on SEM (Structural Equation Modeling). This method can also be relied upon to test the feasibility of the formulated model. In addition, SEM-PLS can also be used to analyze latent variables using small and medium data and can operate for abnormal data (Chin et al., 2008). For path coefficient testing, Hair et al. (2014) also recommended the use of SEM-PLS. Meanwhile, to estimate the indirect relationship between CSR and financial performance, this study utilized the recommendations of Baron & Kenny (1986).

RESULTS

Table 1 describes the demographics of this study.

Table 1. Respondents' Characteristic

Variables	Description	Frequency	Percentage
Gender	Male	240	47.6%
	Female	265	52.4%
Age	17-25 years	92	18.2%
	26-35 years	169	33.5%
	36-45 years	188	37.2%
	>45 years	56	11.1%
Educational qualification	High school	205	40.6%
	Bachelor	265	52.5%
	Postgraduate	35	6.9%

Measurement Model

We used two procedures to evaluate the model's feasibility, namely the estimation of the measurement model and the structural model. In observing the measurement model, we tested convergent validity, discriminant validity, and construct reliability by estimating outer loading, AVE

(average variance extracted), and CR (composite reliability). Regarding Hair et al. (2014), the convergent validity test (Table 2) resulted in an outer loading that was acceptable because it exceeded the minimum requirements (>0.6) and the AVE met the qualifications (>0.5). The fulfillment of convergent validity means that each indicator used by this study truly represents the latent variable.

Table 2. Measurement model indicators

Construct/Indicator	Loading	α	CR	AVE
Corporate Social Responsibility (CSR)		0.868	0.899	0.560
This Islamic bank provides adequate information for customer transaction decisions (CSR 1)	0.715			
This Islamic bank provides good, effective, and as-expected communication services (CSR 2)	0.695			
This Islamic bank provides quality services to customers (CSR 3)	0.731			
This Islamic bank cares about the small and marginal people (CSR 4)	0.747			
This Islamic bank is active in implementing social programs and poverty alleviation (CSR 5)	0.819			
This Islamic bank always empowers and distributes micro-business capital (CSR 6)	0.784			
This Islamic bank contributes to green environmental restoration activities (CSR 7)	0.738			
Loyalty (LYT)		0.877	0.910	0.670
I always use the services of this Islamic bank (LYT 1)	0.778			
I will use these Islamic bank products in the future (LYT 2)	0.810			
I always prioritize this Islamic bank over other banks (LYT 3)	0.792			
I will share positive information about this Islamic bank with others (LYT 4)	0.837			
I will recommend others to take advantage of the services of this Islamic bank (LYT 5)	0.871			
Financial Performance (FP)		0.937	0.955	0.841
ROA of this Islamic bank is good (PF 1)	0.921			
ROE of this Islamic bank is good (PF 2)	0.931			
ROI of this Islamic bank is good (PF 3)	0.922			
The Net Profit Margin of this Islamic bank is good (PFT 4)	0.893			

This study used HTMT (Heterotrait-Monotrait Ratio) to evaluate the discriminant constructs' validity, as recommended by Henseler et al. (2015). HTMT has two criteria, namely conservative (HTMT.85) and liberal (HTMT.90) (Gold et al., 2001; Henseler et al., 2015). With the HTMT test results from 0.632 to 0.666 (Table 3), the discriminant validity of this study is below the conservative boundary line and, at the same time, proves the absence of unidimensionality in the evaluated factors. We evaluated the reliability by estimating CR and Cronbach Alpha with criteria >0.70 and >0.70 (Hair et al., 2014). Table 2 shows that the CR and Cronbach Alpha of this study are satisfactory and, at the same time, indicate that the indicators used in this study are very consistent in measuring the observed constructs.

Table 3. Discriminant validity using the HTMT method

	CSR	LYT	FP
CSR			
LYT	0.647		
FP	0.666	0.632	

Structural Model

This study performed bootstrapping with 5,000 repetitions to evaluate the structural model consisting of significant indicators and path coefficients as suggested by Chin et al. (2008). This study analyzed the GoF to prove the ability of the proposed model in evaluating samples with criteria of small (0.10), medium (0.25), and large (0.36) (Tenenhaus et al., 2005). With an estimated result of 0.513, it showed that the GoF criteria are classified as significant and that the sample used in this study is convincing.

R^2 (coefficient of determination) is very important in measuring the strength of independent factors to simultaneously influence the dependent factor (Suhartanto et al., 2019). Chin et al. (2008) divided R^2 into three kinds, namely $R^2=0.76$ (substantial), $R^2=0.33$ (moderate), and $R^2=0.19$ (weak). Based on the empirical evaluation, the influence of CSR on loyalty is close to moderate ($R^2=0.322$) while the influence of CSR and loyalty simultaneously on financial performance is moderate and substantial ($R^2=0.433$). Based on Chin's criteria, the model that this study built can predict financial performance.

Table 4 shows the results of the path coefficient evaluation of this study. The empirical estimation results explain that CSR directly influences financial performance ($\beta=0.406$; $t\text{-Stat}=9.113$; $p<0.000$). Thus, H_1 is accepted.

Table 4. Path coefficient		
Path	Coefficient	<i>t</i> -Stat
CSR → FP	0.406	9.113*
CSR → LYT	0.568	16.873*
LYT → FP	0.345	7.859*

*Significant at $p<0.05$

Indirect Effect

In estimating the indirect relationship between CSR and financial performance, this study applied the recommendations of Barron & Kenny (1986). Table 5 explains that loyalty has an excellent ability to build an indirect relationship between CSR and the financial performance of Islamic banks ($\beta=0.196$; $t\text{-Stat}=6.949$; $p=0.05$). Meanwhile, based on the Sobel test, the mediating role of loyalty is very significant ($z=7.097$; $p<0.01$). Because of the significant role of loyalty mediation, H_2 of this study is accepted.

Table 5. Specific indirect effect		
Path	Coefficient	<i>t</i> -Stat
CSR → LYT → FP	0.196	6.949*

*Significant at $p<0.05$

DISCUSSION

This study investigated the influence of CSR and financial performance directly and through the mediating role of loyalty based on the perspective of Islamic bank customers. The findings of this study enrich the prediction system on the financial performance of Islamic banks.

Empirically, this study found that the direct influence of CSR on the financial performance of Islamic banks is positive and significant. This finding explains that the active role of Islamic banks in establishing harmonious relationships with customers, providing assistance to poor communities, generating capital for the marginalized, and driving environmental recovery activities result in an impressive increase in financial performance, which is marked by the increased performance of ROA, ROE, ROI, and net profit margins. This finding is in line with previous studies that confirmed the strategic role of CSR in developing the financial performance of business entities (Javed et al., 2020; Phillips et al., 2019; Reverte et al., 2016; Saeidi et al., 2015; Theodoulidis et al., 2017; Xie et al., 2017). Due to the lack of studies that focus on the relationship between CSR and financial performance from a stakeholder perspective (Javed et al., 2020), this study contributes to the business literature, especially in Islamic banking. Thus, CSR can be relied on as an effective key to generating good financial performance for Islamic banking.

Furthermore, this study shows that loyalty plays a perfect role in bridging the relationship between CSR and financial performance. Based on the findings, the active participation of customers in utilizing current and future Islamic bank products and recommending them to others strengthens the relationship between CSR and financial performance. Based on stakeholder theory, companies are responsible for generating organizational performance through programs that can increase stakeholder support and financial performance, and CSR is a strategic program that can meet these expectations. The findings of this study confirm this theory and, at the same time, harmonize the views of the previous literature (Aramburu & Pescador, 2019; Chang & Yeh, 2017; Eklof et al., 2020; Fusva et al., 2020; Islam et al., 2021; Keisidou et al., 2013; Lee et al., 2017; Liang et al., 2009; Mandhachitara & Poolthong, 2011; Mbama & Ezepue, 2018). Due to the decisive role of mediating loyalty, customer behavior will always determine the relationship progress of the CSR and the financial performance of Islamic banks.

Based on the analysis of customer perceptions, this study explains that CSR and customer loyalty play a good role in improving the financial performance of Islamic banking. This finding confirms that consumers are strategic stakeholders of the bank and have a significant influence in strengthening the business. Based on this description, further researchers do not need to use managerial perception as the only parameter of bank success because customer perceptions of CSR and loyalty have the same ability to reveal bank achievements.

ACADEMIC IMPLICATION

From the academic perspective, this study has two significant contributions. First, it is considered the first to explore the relationship between CSR and financial performance directly and through the mediating role of loyalty in the Islamic banking industry. This study enriches insight into Islamic banking with a deep focus on the relationship between CSR and financial performance. Second, by using stakeholder theory as the foundation for thinking, this study finds that CSR has a considerable role in advancing the performance of Islamic banking entities, and this progress is very pleasing to the stakeholders, especially customers. Thus, these findings broaden the view of stakeholder theory

and, at the same time, strengthen the position of CSR as a strategy that can build up the relationship between Islamic banks and stakeholders.

MANAGERIAL IMPLICATION

This study has two managerial contributions through empirical observation of the direct and indirect relationship between CSR and financial performance. First, it demonstrates the importance of CSR to improve financial performance directly. Based on the findings, Islamic banks need to create CSR programs that are beneficial to the broader community. CSR builds good relations between Islamic banks and customers through customer protection programs. The program is realized in the form of providing honest and clear information to customers so that they are able to use Islamic banking services well, being open to customers, anti-discriminatory, providing access to customers in the introduction of good quality and providing guarantees, providing compensation to customers for product services that are detrimental, and providing compensation for services that are not in accordance with the agreement. CSR development not only optimizes the relationship between Islamic banks and customers but also mobilizes funds for (1) optimization of social affairs through the provision of health facilities for marginalized people in strategic locations, (2) optimization of micro-entrepreneurship through the provision of micro-enterprise capital for potential small entrepreneurs, and (3) reforestation of the damaged environment through the rehabilitation program of denuded forests. Because of the importance of expanding social funding, the relationship between Islamic banking entities and social communities as well as environmental activists is essential. That is why Islamic banks need to establish regular cooperation with these groups.

Second, this study shows the decisive role of customer loyalty in mediating the relationship between CSR and financial performance. This finding indicates that an increase in CSR programs can increase customer enthusiasm for Islamic banks, and the subsequent effect is that the bank's financial performance is getting better. In this phenomenon, customer loyalty cements the relationship between CSR factors and the financial performance of Islamic banks so that they are competitive with the businesses of other financial institutions. Therefore, Islamic banks need to convince customers through reports in various online and offline media that CSR programs are beneficial for small communities and the environment so that customers are more participatory in the business activities of Islamic banks. Through this open information, the public understands that Islamic banks are responsive to social problems that lead to increased support for Islamic banking business programs. In addition, Islamic banks also need to increase the transparency of CSR funding to customers so these customers realize that CSR is in line with expectations, and therefore they increase their support. In this context, Islamic banks can improve their financial performance so that they become excellent.

CONCLUSION AND FUTURE RESEARCH

This study shows that CSR is a very effective strategy for improving Islamic banks' financial performance directly. This study also shows that loyalty can work well in mediating the relationship between CSR and the financial performance of Islamic banks. Therefore, the integration of CSR and loyalty is significant to creating a competitive Islamic banking performance.

This study bears several limitations; thus, recommendations for further research are presented. First, the R^2 financial performance is between moderate and substantial, meaning that other factors

also determine the financial performance of Islamic banks. To be better, we recommend further research to explore other factors that can support financial performance improvement. Second, because this study only observed Islamic bank customers, the view on the financial performance of Islamic banks is not yet fully comprehensive. Further research needs to expand observations on other stakeholders of Islamic banks such as managers, employees, regulators, and the wider public community. Third, this study only limited the relationship between CSR and financial performance in Islamic banks, even though the Islamic finance industry is not limited to Islamic banks. To gain a broader understanding, we recommend further research to observe the relationship between CSR and financial performance in other Islamic financial industry groups such as Islamic insurance, Islamic pawnshops, Islamic microfinance institutions, and companies listed on the *sukuk* and Islamic stock market.

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