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How Islamic commercial banks in Indonesia contributing to achieving SDGs-8: Decent work and economic growth?

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Abstract

The aim is to improve overall well-being and alleviate poverty by achieving the Sustainable Development Goals (SDGs), which are rooted in universal human values and essential rights. In Indonesia, the focus remains on indices of economic sustainability, particularly decent work and economic growth. This study examines the role of Islamic Commercial Banks in Indonesia in achieving SDG-8: Decent Work and Economic Growth from 2016 to 2020. SEM PLS Analysis analyzes Financing, ROA, NPF, and CSR variables to assess their impact on SDG-8 indicators like unemployment, poverty, HDI, and GDP rate. The findings show that while Financing and CSR variables didn't significantly influence SDG-8, the ROA and NPF variables did. A potential reason is that most financing was used for consumption, and CSR programs were only partially aligned with SDG targets. ROA's significance might be due to the correlation between SDGs disclosure and profitability, while NPF's significance might stem from banks promoting sustainable development. The study recommends further attention from practitioners, academics, and regulators.

Keywords: Financing; Islamic commercial bank; SDGs-8; CSR

1. Introduction

One of the Millennium Development Goals (MDGs) declared by 189 countries in 2000 focuses on the economic development of underdeveloped countries. As a consequence of this statement, the global poverty rate has halved over 15 years. This achievement prompted the program's continuation with the same aim: to achieve sustainable development goals (SDGs). In 2015, the World Bank data showed that the proportion of the world population earning less than $1 per day has declined to 10.30% since the accomplishment of the MDGs. Additionally, the percentage of individuals living in severe poverty has reached 7.5% (Lisbet, 2013).

The aim is to improve overall well-being and alleviate poverty by achieving the Sustainable Development Goals (SDGs), which are rooted in universal human values and essential rights. The United Nations (UN) translates the Sustainable Development Goals into programs encompassing 194 nations, civil society, and economic players, with a global vision and mission. The Sustainable Development Goals (SDGs) consist of three interconnected indicators: economic sustainability, social sustainability, and environmental sustainability (Gadja, 2020).

In Indonesia, the focus remains on indices of economic sustainability, particularly decent work and economic growth. This is due to persistently high unemployment rates, poverty challenges, and unequal distribution of economic growth, resulting in a lack of overall influence. SDG 8 focuses on promoting inclusive and sustainable economic growth, fostering a productive workforce, and ensuring adequate work opportunities for everyone. Decent labor, as defined by the United Nations, encompasses the availability of productive employment that ensures fair compensation, workplace security, and social safeguards for families. It also fosters avenues for personal growth and social inclusion. As actors in the Islamic Commercial Banks sector, companies have a significant impact on attaining the

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Sustainable Development Goals (SDGs). They can contribute to a wider and more comprehensive role in the development agenda (Kementerian PPN/Bappenas, 2017).

By aligning Islamic Commercial Banks values with the attainment of the SDGs, participation from all institutions and companies, including Islamic financial institutions, is urgently required. This is because achieving the SDGs is consistent with the Islamic economics concept of *Maqashid Syariah*. There are parallels between the aims and objectives of both parties. The Islamic Sharia offers its followers guidelines on the fundamental economic concepts that lead to attaining general objectives (*maqashid sharia*), namely societal welfare. Islam offers a favorable environment for scientists to engage in thorough and rigorous study across several fields, such as Islamic economics, to determine an appropriate approach for the present economic and social progress phases. The Islamic Sharia permits contextualization (ijtihad) while ensuring that no basic transgressions exist. This research aims to explore ways to enhance the productivity of Islam, focusing on empirical evidence and analysis (Empirical Islam). Islamic artifacts offer a conducive environment for Muslim scholars to engage in extensive research to advance *maslahah*—study and research on Islamic subjects Minarni (2015).

Table 1. Development of Islamic banking in Indonesia

Banking industry	Number of institutions	Number of offices	Assets (trillion IDR)	Financing (trillion IDR)	Third-party fund (trillion IDR)
Sharia Commercial Bank (*Bank Umum Syariah-BUS)*	14	2,034	397.07	246.56	322.82
Sharia business unit (*Unit Usaha Syariah-UUS)*	20	392	196.88	137.41	143.12
Sharia People's Financing Bank (*Bank Pembiayaan Rakyat Syariah-BPRS*)	163	627	14.95	10.68	9.82
Total	197	3,053	608.90	394.63	475.80

Source: OJK, (2020)

Islamic banking is a prominent Islamic bank that serves a crucial role. We show in Table 1. There are currently 14 Islamic institutions in Indonesia, with 2,034 offices nationwide. In December 2020, the Islamic banking sector in Indonesia saw its assets increase by 13.11 percent, from 538.3 trillion in 2019 to 608.9 trillion in 2020. In addition to Islamic Commercial Banks being the largest contributor to Islamic finance, with total assets of IDR 356.33 trillion, Financing Rp. 232.86 trillion, and DPK Rp. The Sharia Islamic Commercial Banks unit contributed to the increase of total assets to Rp 175.45 trillion, Financing to Rp 134.16 trillion, and DPK to Rp 127.95 trillion.

Islamic banking plays a crucial role in fostering the expansion of the real sector Adekola (2016). In the context of Islamic Commercial Banks, Islamic banking focuses on generating corporate profits and promoting the well-being of all living beings (Muhamad., 2016). Islamic banks strive to promote economic growth by advocating for modest corporate profits to alleviate the burden on the community(Ghoniyah and Hartono, 2019). The research findings indicate that conventional and Islamic banking have significantly contributed to attaining the Sustainable Development Goals (SDGs). Islamic banking operates by adhering to trade and profit-sharing principles, funding the real economy. Unlike traditional banks, which utilize an interest-based approach for their credit services, Islamic commercial banks allocate their finances to the banking, money market, and foreign exchange sectors. In contrast, online banks do not levy interest on loans. Hence, Islamic banking makes a greater contribution than regular banking and has a lesser adverse effect than traditional banking (Ghoniyah and Hartono, 2020).

This paper examines the role of the Islamic Commercial Bank in Indonesia in achieving SDG-8, which focuses on promoting decent work and economic growth. This study employs financing, ROA, NPF, and CSR as independent variables, and the SDGs variables are unemployment, poverty, HDI, GDP rate, number of tourists, inflation, and local investment. The targets of this inquiry include Aceh

Syariah Bank, BNI Syariah Bank, BRI Syariah Bank, Mandiri Syariah Bank, BCA Syariah Bank, Panin Dubai Syariah Bank, Jabar Banten Syariah Bank, Muamalat Bank, Mega Syariah Bank, National Syariah Pension Savings Bank, and Bukopin Syariah Bank. This study utilizes Partial Least Squares (PLS) Analysis within the Structural Equation Modeling (SEM) framework.

The first section of this paper examines the general context and evaluates previous research, while the second section describes the literature review. The third section presents the efficacy and productivity of ten Islamic Commercial Banks in Indonesia and describes the research methodology. The fifth component consists of conclusions and suggestions.

2. Literature review

The idea of SDGs was formulated during the 2012 United Nations Conference on Sustainable Development in Rio de Janeiro. The gathering aims to generate universally agreed-upon goals that can effectively uphold a harmonious equilibrium among sustainable development's environmental, social, and economic aspects. The Sustainable Development Goals (SDGs) are designed to preserve the balance of the three aspects of development. These objectives are founded on five fundamental pillars: people, planet, prosperity, peace, and partnerships. The SDGs strive to accomplish the three commendable goals of eradicating poverty, achieving equality, and combating climate change by 2030 (Afifuddin, 2021).

As per the Sustainable Development Goals (SDGs), the ultimate goal is eradicating poverty. This signifies that the global community has agreed to eliminate extreme poverty worldwide, including in Indonesia. The elimination of poverty will be closely intertwined with other global objectives, including the eradication of hunger, the promotion of good health and well-being, the provision of quality education, the achievement of gender equality, the provision of clean water and sanitation, and the availability of clean and affordable energy. The importance of partnerships in achieving these goals must be considered (Kementerian PPN/Bappenas, 2017).

Aspects influencing the objective of sustainable development Developing nations are typically plagued by unemployment, destitution, a low standard of living, and inflation. To enhance people's lives, developing nations are constantly attempting to increase national income and create more. This can be accomplished through equitable distribution of prosperity and sustainable national development. The banking system plays a crucial role in enhancing productivity. It serves as the main source of internal finance by facilitating fundraising and providing credit/financing to promote investment and production. Additionally, it stimulates economic growth in areas such as agriculture, industry, and commerce (Abusharbeh, 2017). Several experts have more than proven that the banking sector can influence the economic progress of a nation (Abusharbeh, 2017; Adekola, 2016b; Josephine *et al.*, 2016; Klein and Weill, 2022; Tabash and Anagreh, 2017).

Islamic banking Indonesia

The roots of Islamic banking may be attributed to economic groups and Muslim banking practitioners who aim to meet different parties' needs for financial transaction services that adhere to Islamic sharia rules. The primary distinction between conventional and sharia financial institutions is in how profits are generated and distributed, either by consumers to financial institutions or by financial institutions to customers. The Islamic Bank's operating activities are based on profit-sharing (*Mudharabah*) (Marimin and Romdhoni, 2017). Islamic banks abstain from using interest, also known as riba, to create profits or charge interest on loans due to their prohibition (Marimin and Romdhoni, 2017).

Islamic organizations conduct their activities by Sharia principles. In addition, they set out goals that align with Islamic beliefs as their main focus. Falah sometimes called the triumph in this world and the hereafter, is its recognized name (Ghoniyah and Hartono, 2020). This highlights the need under *maqashid* sharia for banks to seek personal gain and consider the well-being of all living beings, including the environment. The Sustainable Development Goals (SDGs) are inherently aligned with the aims of Islamic finance. Moreover, the allocation of funds, primarily focused on the real sector, presents Islamic banks with a substantial opportunity to contribute to the nation's advancement (Tabash and Anagreh, 2017).

Islamic banking profit (ROA)

Harahap *et al.* (2010) argue that banking profitability measures a company's ability to make profits via implementing different policies and effective capital management in Islamic Commercial Banks. Profitability is considered to effectively demonstrate management's performance efficacy (Kasmir, 2017). According to Ferdyant *et al.* (2014) bank profitability ratios are calculated by dividing the net profit before taxes by the average total assets. Using average total assets as a metric for bank earnings is justified because of the potential for swings in third-party funds, such as savings, demand deposits, and time deposits.

Non-performing financing (NPF)

As additional corporate capital, communities receive financing and credit facilities. When Islamic commercial banks thrive, they can fulfill their bank obligations. If Islamic Commercial Banks encounter financial challenges and restrictions, customers cannot repay their loans. This scenario is well recognized as a non-performing loan or finance. This phenomenon may be utilized to assess the quality of bank financing (Nurnasrina *et al.*, 2019).

The ratio of non-performing financing or non-performing loans provides insight into the inherent quality of the credit or financing. The influence of banking on expeditionary economic expansion is seen through the minimum level of profit that banks require for public financing or credit. The dependability of this assessment will be improved if the caliber of finance and credit is exceptional. In contrast, if the bank's profit is low and the ratio of non-performing loans is significant, the company's performance is undesirable. Their lack of ability to make significant contributions to sustainable development goals is directly connected to the unfavorable conditions of Islamic Commercial Banks in society, resulting in poor profitability (Ghoniyah and Hartono, 2019, 2020).

Corporate social responsibility (CSR)

Corporate Social Responsibility (CSR) encompasses an organization's initiatives to bolster its standing in society by implementing external and internal programs that provide favorable results (Gunawan, 2017). Corporate Social Responsibility (CSR) is a deliberate approach employed by firms to enhance their connection with society by actively tackling social problems in their surroundings to gain recognition and utilization (Theresia, 2018). Companies must furnish comprehensive reports on non-financial aspects of social, environmental, and corporate governance issues that affect the company's future performance and reputation. Moreover, according to Koh *et al.* (2016), corporate sustainability is a comprehensive approach that integrates social and economic development and environmental management. The concept encompasses not only the reduction of pollution and resource consumption but also the transformation of resource utilization to achieve a harmonious equilibrium between economic objectives and the advancement of health and safety (Koh *et al.*, 2016).

Previous studies

Ghoniyah and Hartono (2020) studied the role of Islamic and conventional institutions' role in achieving sustainable development goals in Indonesia. The study utilized annual report data from 2011 to 2018 for both conventional and Islamic banks in Indonesia. The research adopted a qualitative technique and conducted a statistical analysis using WarpPLS. This study illustrates Islamic and conventional banks' contrasting approaches to promoting sustainable development. Generally, ample funding or credit will bolster the attainment of sustainable development, as would little bank profits demanded from financing/credit. Ultimately, the caliber of funding can determine whether a bank's diminished earnings stem from a commitment to sustainable development or unfavorable market conditions (such as inadequate credit or financing) (Ghoniyah and Hartono, 2020).

The study conducted by Frita *et al.* (2021) investigates the impact of financial inclusion and Islamic banks on national infrastructure and economic growth, focusing on the SDGs Programme. The data obtained are classified as secondary and time series data. This study employs the panel data regression approach using EViews 9 software. This study utilizes a quantitative associative research design to investigate the relationship between the independent variable (GDP) and the dependent variable (road length). The study focuses on the Financial Inclusion variable (Sharia Bank Third Party Funds) and the Islamic Bank variable (Sharia Banking Financing). The findings of this study indicate that financial inclusion has a substantial and favorable impact on national infrastructure. However, it does not have a major influence on economic growth. Additionally, the analysis reveals that Islamic banks have little impact on economic growth or national infrastructure.

Ferawati (2018) conducted an Islamic economic study on the Sustainable Development Goals in Indonesia, focusing on its assessment and implementation strategy. The methodology utilized is qualitative. The study findings suggest that GRDP, HDI, DPK, and IKLH collectively impact poverty reduction, except for IKLH, which only has a partial effect. Central Java has the most potential among all provinces to fulfill the Sustainable Development Goals (SDGs) because of its above-average economic growth and high IKLH (Index of Local Human Development) (Ferawati, 2018).

Trimulato *et al.* (2021) provide their perspective on the correlation between Islamic microfinance institutions and the sustainable development goals (SDGs) agenda. This paper presents a qualitative analysis and descriptive examination of the establishment and growth of Islamic microfinance organizations, namely BPRS and BMT. That is linked to the Sustainable Development Goals (SDGs). The findings illustrate the expansion of Islamic microfinance institutions, with certain BPRS components seeing a growth rate above 10 percent. The finance saw a growth rate of 17.1 percent. The remaining proportion of operating results was 403.5%. Islamic financial institutions play a significant role in achieving Sustainable Development Goals by increasing income and fostering community prosperity. People can increase their income through access to finance, both in the form of providing simple access to capital and the introduction of investment products (Trimulato *et al.*, 2021).

The study undertaken by Yuliasih and Susetyo (2020) is entitled "Effects of Disclosure of Corporate Social Responsibility and Environmental Performance on Efforts to Achieve the 2030 Sustainable Development Goals." This study aimed to assess the influence of CSR disclosure and environmental performance on mining firms' efforts to achieve the Sustainable Development Goals (SDGs) by 2030. The sample comprised 78 to 62 mining businesses (outliers) chosen from a population of 687 IDX-listed enterprises. By using the purposive sampling technique, the sample was taken from as many as twelve Islamic Commercial Banks in 2021. The results showed a significant positive influence between corporate social responsibility (CSR) disclosure and efforts to achieve the Sustainable Development Goals (SDG) in 2030. In addition, performance disclosure does not affect achieving the 2030 Sustainable Development Goals (Yuliasih and Susetyo, 2020).

This research is distinct from previous research in numerous ways. First, this study employs Structural Equation Modelling (SEM) PLS Analysis to assess the impact of each variable of Islamic Commercial Banks on the achievement of the SDGs 2030. Second, this study concentrates on ten Islamic Commercial Banks in Indonesia using the most recent data over a five-year observation period (2016-2020). Thirdly, this study focuses on achieving the eighth pound of SDGs, namely decent work and economic growth, and introduces a new variable, corporate social responsibility (CSR). This study also suggests several parties, including practitioners, academics, and regulators.

3. Method

Sample and population

This research encompasses all Islamic Commercial Banks (ICBs) in Indonesia and its population. Based on statistics provided by the Central Bureau of Statistics, it is projected that there will be twelve Islamic Commercial Banks in 2021. This study collected samples from Islamic Commercial Banks according to the defined criteria for this examination. Below are the criteria used for sampling in this study:

- ✓ Islamic Commercial Banks (Islamic Commercial Banks) that publish comprehensive annual reports for the years 2016-2020.
- ✓ I observed the totality of the required research variables, such as information on financing, ROA, NPF, and CSR.

Data type and source

This study uses secondary data from annual reports for financing, ROA, NPF, and CSR variables. For SDGS variables, the researcher also uses secondary data from the Indonesian Central Bureau of Statistics (Badan Pusat Statistik-BPS) publication of several indicators of sustainable development objectives. This study observed a span of five years, from 2016 to 2020. As the Sustainable Development Goals (SDGs) were established on September 25, 2015, 2016 marked their first year of implementation, including in Indonesia. In the meantime, the 2020 election was based on research data searches and the 2021 merger of the three Islamic Commercial Banks (BNIS, BRIS, and Mandiri Syariah) in Indonesia.

Research variable

This study utilizes four independent variables: financing, ROA, NPF, and CSR (Corporate Social Responsibility) funds obtained from each bank's annual report. This study's dependent variable is SDGs point 8, which includes indicators for the unemployment rate, inflation rate, HDI, number of visits, poverty rate, GDP growth, and domestic investment.

Quantitative research analysis

The study's authors employed quantitative analysis, namely Partial Least Squares, to ascertain the impact of the independent and dependent variables. PLS is distribution-agnostic, meaning it does not assume any particular distribution for the data, which can be of many types, such as nominal, categorical, ordinal, interval, or ratio. As a result, PLS is appropriate for this study because it includes variables in ratio, percent, and nominal form. As to Ghozali (2021), PLS evolved from a covariance-based structural equation modeling approach to a variable-based strategy. The current program is Intelligent PLS, an enhanced form of Partial Least Squares (PLS). Partial Least Squares (PLS) is a strong analytical tool that does not rely on data within a specific measurement range.

Furthermore, it can handle relatively small sample numbers, with a recommended minimum of 30 to 100 samples. To use PLS as a quantitative analytic tool in research, you must evaluate the structural model (inner outer) and the measurement model (outer model). The measurement model was evaluated using various tests, including convergence validity, discriminant validity, composite reliability, and average variance (AVE). The R-square test (R^2) and path coefficient estimation tests were used during the structural model evaluation. Consider the significance of the Structural Equation Modeling (SEM) model with Partial Least Squares (PLS), in which the exogenous latent variable is the independent variable, and the endogenous latent variable is the dependent variable. The significance of the connection between hidden variables is established by computing the value of the path relationship in the structural model.

Research design and hypothesis

This study refers to the research conducted by Ghoniyah and Hartono (2020) 2020, which examines the extent to which Islamic and conventional banks contribute to the achievement of Sustainable Development Goals. The study's design is as follows in Figure 1. In addition, the research design and formulation of the hypotheses for this study are based on several independent variables and one dependent variable that consists of several research indicators. Specifically, we see this in Figure 2.

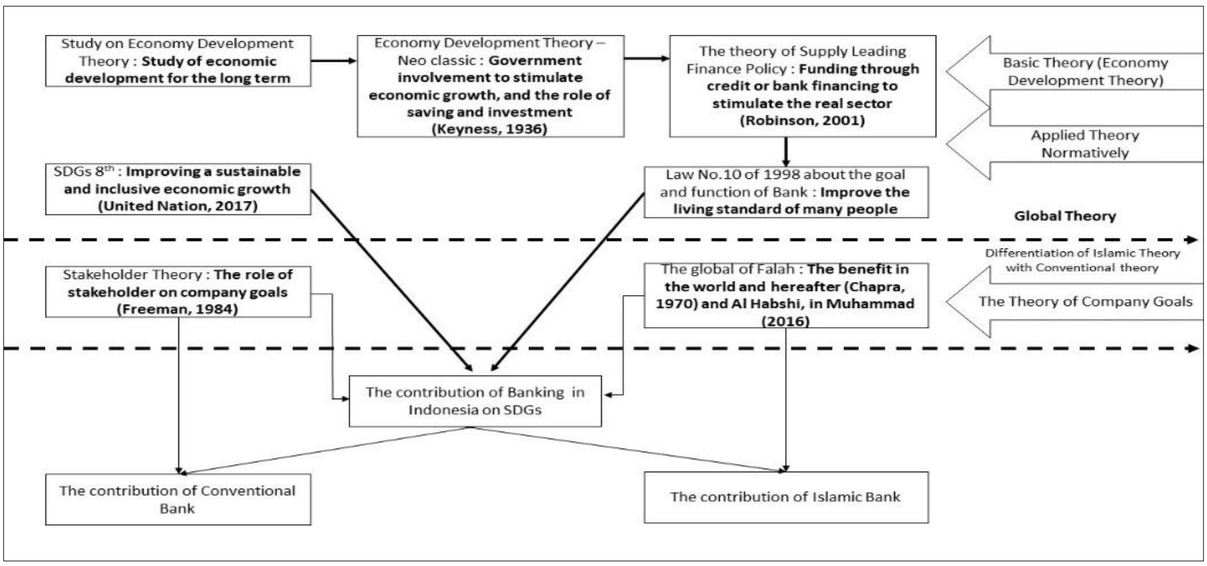

Figure 1. Research roadmap. Source: Ghoniyah and Hartono (2020)

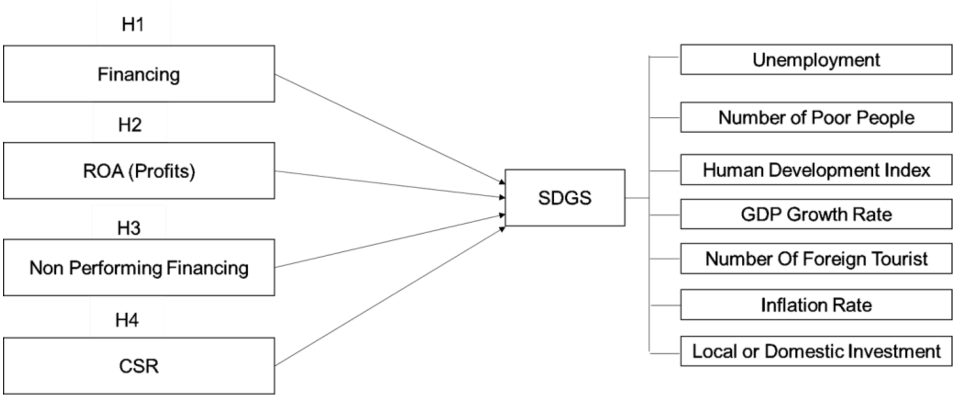

Figure 2. Hypothesis construct

4. Results and discussion

Evaluation of the measurement model (outer model)

This inquiry will involve doing model testing to get test results that demonstrate the validity and dependability of the model. During this phase, validity testing is conducted to ascertain if the built model meets the prerequisites for future investigation. Validity will be assessed by two types of evaluation, which are:

Convergent validity

The convergent validity of research items refers to a measuring approach that assesses the association between item scores and construct values. Convergent validity is assessed using the AVE factor, composite reliability, R Square, and Cronbach's Alpha indices. Table 2. presents the results of the previously described measurements.

Table 2. Convergent Validity

Variable	Average	Composite reliability	Cronbach’s alpha
CSR	1.000	1.000	1.000
Financing	1.000	1.000	1.000
NPF	1.000	1.000	1.000
ROA	1.000	1.000	1.000
SDGs	1.000	1.000	1.000

Validity and reliability testing may be determined by assessing a variable's reliability value and the Average Variance Extracted (AVE) value. A composite reliability rating over 0.70 and an AVE value above 0.50 indicate high dependability. Table 2. shows the outcomes of the data processing. It can be inferred that all variables have attained composite reliability as their values are more than 0.7, meeting the reliability requirement. The outer model test was conducted using the SmartPLS v 3.2.7 analytical tool to estimate the outer loading value in Figure 3.

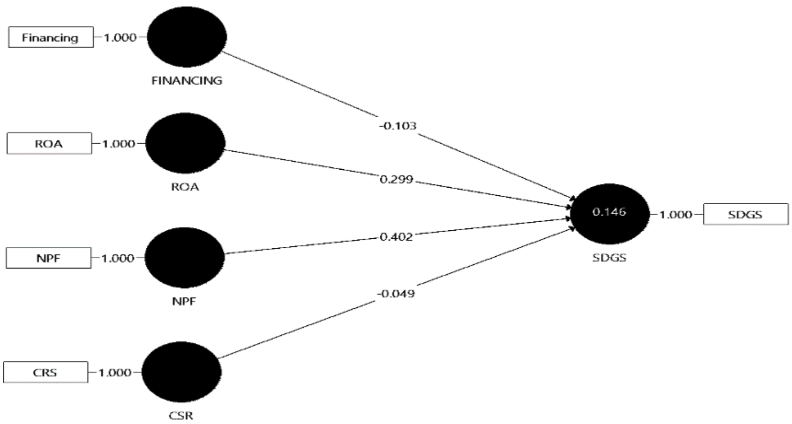

Figure 3. Outer model processed results

Discriminant validity

The cross-loading factor value is a helpful measure for assessing the discriminant validity of a construct. It involves comparing the loading value of the target construct with other loading values. To establish adequate discriminant validity, the loading value of the intended construct must be higher than the other values. The default value for each construct must exceed 0.70. Table 3. shows that the cross-loading value for each construct exceeds 0.70. This study provides evidence that the manifest variables effectively accounted for the latent factors and confirmed the validity of each item.

Table 3. Discriminant validity

	CSR	Financing	NPF	ROA	SDGs
CSR	1.000				
Financing	0.580	1.000			
NPF	-0.216	-0.160	1.000		
ROA	0.330	0.205	-0.512	1.000	
SDGs	-0.097	-0.134	0.275	0.056	1.000

Hypothesis testing

Analyzing the significant value between constructs, t-statistics, and p-values makes it feasible to ascertain whether a hypothesis is accepted or denied. Measurement estimates and standard errors are now based on empirical data rather than statistical preconceptions. In this investigation, the bootstrap resampling approach considers the null hypothesis valid if the t-values have a significant value of more than 1.96 or if the p-values are less than 0.05.

Based on Table 6. regarding hypothesis testing, then determining whether the hypothesis is accepted or rejected is explained as follows:

- The financing construct has a t-statistic value of 0.631, less than 1.96, and a p-value of 0.529, more significant than 0.05. Therefore, the first hypothesis states that the financing variable has no significant effect on achieving SDGs point 8.
- The ROA construct has a t-statistical value of 2.213, more significant than 1.96, and a p-value of 0.027, less than 0.05. therefore, the second hypothesis states that ROA has a positive and significant influence on achieving SDGs point 8.
- The NPF construct has a t-statistical value of 2.361, more significant than 1.96, and a p- p-value of 0.019, less than 0.05. therefore, the second hypothesis states that there is a positive and significant influence between NPF and the achievement of SDGs point 8.
- The CSR construct has a t-statistical value of 0.417, less than 1.96, and a p- p-value of 0.677, more significant than 0.05. therefore, the second hypothesis states that the CSR variable has no significant effect on achieving SDGs point 8.

Table 4. Hypothesis testing

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T-statistics (|O/STDEV|)	P-Values
Financing>>SDGs	-0.103	-0.110	0.163	0.631	0.529
ROA>>SDGs	0.299	0.308	0.135	2.213	0.027
NPF>>SDGs	0.402	0.418	0.170	2.361	0.019
CSR>>SDGs	-0.049	-0.052	0.118	0.417	0.677

Discussion

The first finding is that Islamic Commercial Banks' variable financing has no appreciable impact on SDGS point 8. Based on the studies completed by Frita *et al.* (2021), This study presents evidence that Islamic Bank financing has a negligible effect on economic growth due to the limited scale of Islamic Bank variables, specifically in terms of the amount of funds provided for financing, which primarily target public consumption activities. Consequently, the funding provided by Islamic banks has little effect on the Gross Regional Domestic Product (GRDP), and the contribution of Islamic banks in stimulating economic growth needs to be increased (Frita *et al.*, 2021).

In addition, Putri *et al.* (2023) research reveals that Islamic commercial bank financing harms the Gross Regional Domestic Product (GRDP). As a result, Islamic public bank financing tends to be directed towards spending. This type of financing does not impact the Gross Regional Domestic Product (GRDP), but it will lead consumers to choose consumption over productivity. To compel regulators to implement regulations that can facilitate the growth of sharia bank financing, particularly in the realm of investment in productivity, to enhance the effectiveness of financing and contribute to achieving Sustainable Development Goals (SDGs).

The second observation indicates that the Return on Assets (ROA) of Islamic Commercial Banks has a favorable and statistically significant impact on the Sustainable Development Goals (SDGs). The impact of firm SDG disclosures on return on assets (ROA) is positive and statistically significant, suggesting that SDG disclosure directly influences profitability. There is a positive correlation between the number of Sustainable Development Goals (SDGs) that a corporation declares and its level of profitability. ROA measures the efficiency with which a company's management uses its assets. In light of the positive impact of corporate disclosures related to SDGs on profitability, it follows that the greater a company's participation in implementing and disclosing SDGs, the more efficiently its management will utilize its assets (Alfiah and Arsjah, 2021).

Sustainable Development Goals (SDGs) corporate social responsibility (CSR) is a set of obligations that firms have, often documented in reports. This notion is backed by research (Alfiah and Arsjah, 2021). The objective is merely a form of sustainable Islamic Commercial bank strategy for the organization. By the signaling theory, Islamic Commercial Banks must provide the public with positive signals or information regarding their activities, which can be disclosed through the SDGs. Based on the results of Ngoyo (2015); Theresia (2018); Vivianita and Nafasati (2018) the SDGs have an impact on financial performance.

CSR-type sustainability reports had a notable impact on clarifying the atypical return of New Zealand firms. Interpreting the statistically significant result for the CSR report type for New Zealand firms is hard due to the lack of statistical significance in the aggregate anomalous return on the event day. However, this outcome might be attributed to the phenomenon of return clustering and the low sample size (Reddy and Gordon, 2010).

The final observation reveals that the NPF variable of Islamic Commercial Banks has a notable and favorable impact on SDGs. This aligns with other research that suggests the quality of funding challenges the perception that Islamic banking earnings are low due to banks' emphasis on promoting sustainable development. A positive coefficient of moderation ensures that the quality of financing does not differentiate between social orientation and weak market circumstances as the underlying reasons for the low earnings of Islamic banks (Ghoniyah and Hartono, 2019).

The data analysis indicates that funding given significantly impacts non-performing financing, with a coefficient of 0.67. However, it was found that LAR does not influence NPL. When customers want to obtain credit or financing, it is important to undergo a refinancing restructure to avoid accumulating excessive debt owing to banks, which can negatively affect the quality of financing in Islamic banking (Indriana and Zuhroh, 2012). In addition, subsequent research indicates that inflation, LPE, and ROA have a combined effect on Non-Performing Finance (NPF) (Laestiani *et al.*, 2020).

According to research by Apriliyani and Novita (2019), the fourth finding, that the Islamic Commercial Bank's CSR variable has no significant effect on SDGs, is consistent with the literature. The data analysis of this research indicates that achieving the SDGs' targets is only influenced by the economic activities of PT Holcim Indonesia's CSR program. No evidence supports the claim that the social and environmental sectors contribute to attaining the SDGs' objectives. The data study revealed that the Holcim CSR program solely prioritizes economic goals and may have successfully met all the markers for achieving Sustainable Development Goals (SDGs). However, the corporation intends to establish something other than CSR programs that promote community sustainability (Apriliyani and Novita, 2019).

Mapisangka (2009) also researched the implementation of PT Batamindo Investment Cakrawala's CSR for community welfare. However, the increase in people's welfare does not positively affect community empowerment, as demonstrated by Dwijatenaya and Dewi (2017) in their study entitled Corporate Social Responsibility (CSR): Empowering Programme For Farmers Welfare. People who are empowered live in a prosperous condition, according to the findings of this study. However, if the community is already prosperous, they are not necessarily empowered because community welfare can be achieved by assisting according to the community's needs without providing activities that empower each community. One of the researchers has demonstrated that the company's CSR programs for the environment and society, generally, have met the SDG's objective, but not as a whole; the CSR program primarily meets the social goals of the SDG Theresia (2018).

Based on the analysis results, six out of seventeen companies are members of IGCN. Health and welfare, education, clean water and sanitation, consumers, and partnerships are the most common disclosures instead of environmental disclosures. The results show the mapping of the most frequently and least frequently disclosed to increase the motivation for CSR disclosure by SDG criteria (Theresia, 2018).

5. Conclusion

This study examines the role of Islamic Commercial Banks in Indonesia in achieving SDG-8: Decent Work and Economic Growth from 2016 to 2020. SEM PLS Analysis analyzes Financing, ROA, NPF, and CSR variables to assess their impact on SDG-8 indicators like unemployment, poverty, HDI, and GDP rate. The results of SEM research show no significant influence between financial factors on achieving SDGs point 8. This is due to the limited supply of Islamic banks related to the scale of funding, which only focuses on public consumption. Second, Sharia commercial bank financing is typically utilized for consumption. In reality, this form of financing will not affect the attainment of the SDGs and will make society more consumerist and less productive.

The variable of Return on Assets (ROA) substantially impacts the attainment of Sustainable Development Goals (SDGs) points—the number 8. A direct and statistically significant correlation exists between the return on assets (ROA) and the achievement of Sustainable Development Goal 8 (SDG 8). The correlation between the number of Sustainable Development Goals (SDGs) disclosed by a corporation and its profitability is positive. In light of the positive impact of corporate disclosures related to SDGs on profitability, the greater a company's participation in implementing and disclosing SDGs, the more efficiently its management will utilize its assets. The NPF variable substantially impacts the attainment of SDGs—the number 8. The attainment of SDG 8 is positively and significantly influenced. This may occur due to the quality of financing undermining the notion that Islamic banking profits are minimal, as banks tend to promote sustainable development.

In the last, the CSR variable does not substantially impact the attainment of SDGs point 8. This could be attributed to the CSR program's exclusive emphasis on economic achievements while neglecting the implementation of CSR initiatives for community sustainability, despite the company's overall fulfillment of the SDGs indicators. The second factor, namely the CSR programs implemented by the company for the environment and society in general, has met the SDG's target. However, the CSR program is only predominantly partial.

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