

ABSTRACT

Financial performance is a description of the company's achievement in managing finance. Financial performance can be said to be good, when the company can manage it well in accordance with the company's goals. In this study to measure financial performance using ratios, the authors use Return On Assets (ROA).

This study aims to determine the effect of diversification strategy, executive compensation and earnings management on financial performance in the Islamic commercial bank sector registered with the Financial Services Authority from 2017 to 2021. The variables used in this study are diversification strategy, executive compensation, and earnings management on financial performance.

The population in this study are sharia commercial bank companies registered with the Financial Services Authority in 2017-2021. This study uses secondary data in the form of annual financial reports from Islamic commercial banks registered with the Financial Services Authority (OJK) in 2017-2021 with a company population of 10 companies with an observation period of five years and obtained sample data of 50 observation data. This research is included in quantitative research. The sampling technique used was purposive sampling and the testing in this study was descriptive statistical test using the panel data regression analysis research method which were processed using Eviews 12 software.

The results of the tests that have been carried out show that simultaneously diversification strategy, executive compensation, and earnings management have a significant effect on financial performance. In partially, diversification strategies and executive compensation have a significant effect on financial performance, while earnings management has no significant effect on financial performance.

Keywords : *Diversification Strategy, Executive Compensation, and Earning Management, and Financial Performance.*