The Influence of Intellectual Capital (IC) and Islamic Corporate Governance (ICG) on Sharia Banking Performance in Indonesia in 2020-2022

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ABSTRACT
The point of this inquire about is to decide the impact of intellectual capital and Islamic corporate governance on the execution of Islamic banks in Indonesia. This sharia keeping money company will be recorded on the Indonesian Stock Trade (IDX Syariah) in 2020-2022. The intellectual capital degree was supplanted by the Islamic Bank-Value added intellectual Coefficient (iB-VAIC) and Islamic corporate governance was supplanted by the administration proprietorship degree. This research is quantitative inquire about. The sample was decided employing a purposive sampling strategy, tests were taken from 14 sharia banks between 2020 - 2022, coming about in 42 observations. The data used is secondary data and the data analysis technique used is the multiple linear regression method. This method performs a arrangement of classic assumption tests to check the appropriateness of the information. The data processing used in this research uses multiple linear regression using SPSS version 23. The comes about of this research show that intellectual capital includes a negative and significant impact on the execution of Islamic banks, whereas Islamic governance encompasses a positive and significant influence. affected by the operational execution of sharia banking. Based on the comes about of the simultaneous test (F test), it appears that all independent variables simultaneously or together influence the dependent variable.

Keywords
Intellectual Capital, Islamic Corporate Governance, Sharia Banking Performance.

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INTRODUCTION
Based on Law no. 21 of 2008, Sharia banks are banks that work based on sharia standards or Islamic law. Sharia managing an account has contributed to the change of the economy so that it has created quickly. The sharia keeping money framework in Indonesia is actualized with a framework of benefit sharing standards, continuously prioritizing the values of fellowship, ukhuwah, and
maintaining a strategic distance from theoretical components in each exchange . (Saputri et al., 2023)

In Indonesia, IC started to create, particularly after the presentation of Budgetary Bookkeeping Measures Rules (PSAK) No. 19 (Changed 2000) concerning Intangible Resources. In spite of the fact that not particularly called ICs, ICs have gotten more or less consideration. Concurring to PSAK No.19 (Changed 2009), intangible resources are non-monetary resources that don't have an identifiable physical shape and are owned for utilize within the generation or conveyance of products or administrations or exchanged to another individual or claimed for authoritative purposes (Ihyaul Ulum et al., 2012). One of the questions with respect to mental capital is how to degree intangible resources or mental capital. Hence, a few analysts have created strategies to degree mental capital. In his article "VAIC - An Bookkeeping Apparatus for IC," Mr. Purik composes that supervisors don't straightforwardly degree a company's IC, but or maybe degree esteem creation as a result of the company's mental property. The company proposed its scale assessing the productivity (esteem creation) of capabilities. This measuring instrument is the Esteem Included Mental Coefficient (VAIC). VAIC combines three components of a company's assets human capital, working capital, and auxiliary capital.

The current implementation of ICG in sharia financial institutions is not in accordance with Islamic recommendations, especially with the laws and regulations enforced by sharia financial institutions. So distant, all monetary teach have taken after the directions issued by BI or the Budgetary Administrations Specialist (OJK). The difference from traditional business management, also known as Sharia GCG or Islamic business management, lies in Sharia compliance, or adherence to Sharia principles. The principles of transparency, honesty, prudence and discipline have now become universal principles that are also found in traditional GCG regulations (Abidin, 2019).

Indonesia incorporates a Sharia Supervisory Board which in carrying out its obligations and obligations alludes to pertinent laws and controls, counting Bank Indonesia controls. In Indonesia, the usage of sharia administration is controlled in Indonesian Keeping money Direction No.11/33/PBI/2009 concerning "Execution of Great Corporate Administration for Sharia Commercial Banks and Sharia Substances".

In development sharia banking in Indonesia, it turns out that there are still cases of irregularities in operational activities that are not in accordance with sharia rules. One of the cases occurred in the Sharia Business Unit of Bank Danamon Tbk, they carried out derivative transactions (gharar) which contained speculative elements in sharia banking. This transaction is a transaction that is
prohibited under sharia principles. Apart from that, there were fictitious credits that occurred in the Sharia Business Units of Bank Kaltim and Bank Jateng which were carried out by the Branch Head and his staff in the two Sharia Business Units.

The Bank Mandiri Syariah case involved people within the bank in connection with the distribution of fictitious loans worth IDR 102 billion to 197 people to the BSM Bogor Branch. This loan distribution could cause BSM to suffer a loss of IDR 59 billion. The National Police Criminal Investigation Unit named four suspects in this case, three of whom were BSM employees. Apart from that, there have been several cases of customers reporting sharia banks, such as the BRI Syariah and Bank Mega Syariah cases. Two Islamic banks were affected by incidents related to gold collateral. This case started with a lawsuit filed by BRI Syariah and Bank Mega Syariah customers who felt they had been disadvantaged regarding their gold savings at BRI Syariah and Bank Mega Syariah (Governance, not yet confirmed). Therefore, it can be concluded that Islamic banks in Indonesia generally fail to implement Islamic governance in their daily business activities (Sela Srimaya et al., 2023).

Based on the foundation over, the analyst is curious about conducting investigate once more with the title "The impact of intellectual capital (IC) and islamic corporate governance (ICG) on the execution of sharia banks in Indonesia".

**RESEARCH METHOD**

In this research, researchers used quantitative methods and used secondary data or data obtained indirectly from intermediary media produced by other parties. The populace in this ponder are sharia managing an account companies enlisted with IDX Syariah, namely at www.idx.co.id in 2020-2022 there will be 21 sharia banks. The sampling procedure in this inquire about utilized a purposive sampling procedure. This implies that the test is chosen based on the reasonableness of the test characteristics with the desired test determination criteria (Permata et al., 2021). The author used 14 Islamic banking companies with annual financial reports for 3 years in the 2020-2022 period, with sample of 42 data (n=14x3). Secondary data this research uses annual financial report of sharia banking company for the 2020-2022 period. Data analysis method this research is multiple linear regression analysis tools with of SPSS version 23 computer program.
RESULT AND DISCUSSION

Descriptive Statistical Analysis

The results of descriptive statistical analysis are as follows:

Table 1. Descriptive Statistical Analysis

<table>
<thead>
<tr>
<th>Descriptive Statistics</th>
<th>N</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>IC</td>
<td>42</td>
<td>1.35</td>
<td>38.64</td>
<td>4.8521</td>
<td>5.68476</td>
</tr>
<tr>
<td>ICG</td>
<td>42</td>
<td>63.00</td>
<td>8475.00</td>
<td>1317.6905</td>
<td>2067.65971</td>
</tr>
<tr>
<td>ROA</td>
<td>42</td>
<td>-6.72</td>
<td>54.00</td>
<td>4.7440</td>
<td>10.53349</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>42</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: SPSS version 23 output results processed in 2024

Table 1 it can be explained as follows:

1. The dependent variable, namely sharia banking performance in sharia banking companies, has a total of 42 observed data in 2020-2022 with a minimum value of -6.72 at Bank Panin Dubai Syariah in 2021 while a maximum value of 54.00 is at Bank Sinarmas Syariah in 2022. With average values 4.7440 and standard deviation values 10.53349.

2. The independent variable, namely intellectual capital in sharia banking companies, has a total of 42 observed data in 2020-2022 with a minimum value of 1.35 at Bank Sinarmas Syariah in 2020 while a maximum value of 38.64 is at Bank Mega Syariah in 2021. With value average 4.8521 and 5.68476 standard deviation value.

3. The independent variable, namely Islamic corporate governance in sharia banking companies, has a total of 42 observed data in 2020-2022 with a minimum value of 63.00 available at Bank Panin Dubai Syariah in 2022 while the maximum value is 8475.00 available at Bank Mega Syariah in 2021-2022. With average values 1317.6905 and standard deviation values 2067.65971.
Classic assumption test
Normality test

Figure 1.
Normality test

Source: SPSS version 23 output results processed in 2024

Drawing conclusions normality test results in the histogram above shows the data is normally distributed, because the standard deviation value of 0.975 is greater than 0.05.

Multicollinearity Test

Table 2.
Multicollinearity Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Collinearity statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>5,803</td>
<td>2,217</td>
<td>2,618</td>
<td>.013</td>
</tr>
<tr>
<td>IC</td>
<td>-.274</td>
<td>.343</td>
<td>-.148</td>
<td>-.798</td>
<td>.430</td>
</tr>
<tr>
<td>ICG</td>
<td>.000</td>
<td>.001</td>
<td>.040</td>
<td>.217</td>
<td>.830</td>
</tr>
</tbody>
</table>

a. Dependent Variable: ROA

Source: SPSS version 23 output results processed in 2024

The coefficient value test above, thenIt was concluded that the IC and ICG tolerance values were 0.734 > 0.100 and the VIF IC and ICG values were 1.362 < 10.00. So there’s not multicollinearity in the data.
Heteroscedasticity Test

Figure 2.
Heteroscedasticity Test

![Graph showing heteroscedasticity test results](image)

Source: SPSS version 23 output results processed in 2024

The test results above, it shows that heteroscedasticity does not occur. Because if the graph does not have a certain pattern, such as curving in the middle, narrowing then widening, or vice versa, wide then narrowing (Sunjoyo, 2014).

Autocorelation Test

Table 3.
Autocorelation Test

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.487a</td>
<td>.238</td>
<td>.199</td>
<td>2.41525</td>
<td>1.478</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), ICG, IC
b. Dependent Variable: ROA

Source: SPSS version 23 output results processed in 2024

The test results above a DW value 1.478 is obtained which indicates that there’s no autocorrelation. Decisions are taken based on the formula DL < DW < 4-DU or 1.407 < 1.478 < 1.606.
Linear Regression Analysis
Simple Linear Regression Analysis

Table 4.
Simple linear regression analysis
Independent Variable (Intellectual Capital)

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardized</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>2,200</td>
<td>3,179</td>
<td>.003</td>
</tr>
<tr>
<td></td>
<td>I.C</td>
<td>-.032</td>
<td>-.032</td>
<td>-.205</td>
</tr>
</tbody>
</table>

a. Dependent Variable: ROA

Source: SPSS version 23 output results processed in 2024

The table of simple linear regression analysis results above, we can see the following:

\[ Y = \alpha + \beta x \]

Interpretation:

1. A constant of 2,200, meaning the consistent value the intellectual capital variable is 2,200.
2. The intellectual capital regression coefficient of -0.032 indicates that for every 1% increase in the value of intellectual capital, the bank's performance value decreases by -0.032. It can be said the direction of the influence of intellectual capital on bank performance is negative.

Table 5.
Simple linear regression analysis
Independent variable (Islamic Corporate Governance)

<table>
<thead>
<tr>
<th>Model</th>
<th>Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unstandardized</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1,842</td>
<td>4,994</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>ICG</td>
<td>.015</td>
<td>.162</td>
<td>.304</td>
</tr>
</tbody>
</table>

a. Dependent Variable: ROA

Source: SPSS version 23 output results processed in 2024

The table of simple linear regression analysis results above, we can see the following:

\[ Y = \alpha + \beta x \]

\[ =1.842 + 0.015X \]
Interpretation:

1. A constant of 1,842, meaning the consistent value of Islamic corporate governance is 1,842.
2. The Islamic corporate governance regression coefficient of 0.015 indicates that for every 1% increase in the Islamic corporate governance, the bank's performance value increases 0.015. It can be said the direction of the impact Islamic corporate governance on bank performance is positive.

**Multiple Linear Regression Analysis**

**Table 6.**

<table>
<thead>
<tr>
<th>Coefficients a</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>Unstandardized Coefficients</td>
<td>Standardized Coefficients</td>
<td>t</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>6,397</td>
<td>3,970</td>
<td>1,611</td>
</tr>
<tr>
<td>I.C</td>
<td>-1,625</td>
<td>,773</td>
<td>-.303</td>
</tr>
<tr>
<td>ICG</td>
<td>1,052</td>
<td>,450</td>
<td>.337</td>
</tr>
</tbody>
</table>

*a. Dependent Variable: ROA*

Source: SPSS version 23 output results processed in 2024

The multiple regression analysis results table above, we can see the following:

\[ Y = \alpha + \beta_1X_1 + \beta_2X_2 \]

=6,397 - 1,625 + 1,052

Interpretation:

1. The value of 6.397 is a constant or condition if the bank performance variable (Y) is not influenced by other variables, namely the Intellectual Capital (X1) and Islamic Corporate Governance (X2) variables. In the absence of independent variables, the bank performance variable (Y) does not change.
2. B1 (regression coefficient value X1) is -1.625 has a negative sign. This shows for 1% increase in intellectual capital, the bank's performance level decreases by -1.625.
3. B2 (X2 regression coefficient value) is 1.052 and has a positive sign. This shows for 1% increase in Islamic Corporate Governance, the level of bank performance increase by 1.052.
Hypothesis testing
Partial Test (t Test)
Comparing the significance with the probability of 0.05:
1) If the significance < 0.05 it means that independent variable has an effect the dependent variable. Significance is > 0.05 the independent variable has no effect on dependent variable.

Comparing the calculated t with the t table:
1) If the calculated t value > t table means the independent variable has an effect on dependent variable. Calculated t value < t table, then the independent variable has no effect the dependent variable.
2) T table = \( a; nk \)

Table 7. Partial Test (t Test)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>6,397</td>
<td>3,970</td>
<td>1,611</td>
</tr>
<tr>
<td></td>
<td>I.C</td>
<td>-1,625</td>
<td>.773</td>
<td>-0.303</td>
</tr>
<tr>
<td></td>
<td>ICG</td>
<td>1,052</td>
<td>.450</td>
<td>.337</td>
</tr>
</tbody>
</table>

a. Dependent Variable: ROA
Source: SPSS version 23 output results processed in 2024

Table 9 the t test calculations, it can be seen that partial test results the Intellectual capital and islamic corporate governance variables on bank performance variables can be tested as follows:

1. The Influence of Intellectual capital on bank performance
Test results show that the t-count the independent variable Intellectual Capital (X1) is -2.102 while the t-table value \( \alpha = 5\% \) is 1.684. This means the calculated t value is smaller the value in the t table (-2.102 < 1.684), a significance value 0.042 < 0.05 means that H0 rejected and Ha accepted. This means intellectual capital (X1) has a significant influence on bank performance (Y).

2. The influence of Islamic corporate governance on bank performance
Test results show that the t-count of independent variable is Islamic corporate governance (X2) is 2.338 while the t-table value \( \alpha = 5\% \) is 1.684. This means the calculated t value is greater the t table value (2.338 > 1.684), a significance value 0.025 < 0.05 means that H0 rejected and Ha accepted. It
means Islamic corporate governance (X2) has a significant influence on bank performance (Y).

**Simultaneous Test (f Test)**

Comparing the significance value with the probability value of 0.05:

1) If the significance < 0.05 it means the independent variable has a simultaneous effect on the dependent variable. Significance is > 0.05 the independent variable has no simultaneous effect on dependent variable.

Comparing the calculated f value with table f:

1) If the calculated f value > f table means the independent variable has a simultaneous effect on dependent variable. Calculated f value < f table, then the independent variable doesn’t have simultaneous effect the dependent variable.

2) F table = k-1; nk

Simultaneous hypothesis testing using the F test can be seen in the table:

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Regression</td>
<td>855,779</td>
<td>2</td>
<td>427,890</td>
<td>4,696</td>
</tr>
<tr>
<td></td>
<td>Residual</td>
<td>3553.840</td>
<td>39</td>
<td>91.124</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>4409.619</td>
<td>41</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: ROA

b. Predictors: (Constant), ICG, IC

Source: SPSS version 23 output results processed in 2024

Table 10 f test calculations, calculated f value is 4.696, while f table value α = 5% is 4.085. Therefore calculated f value > table f (4.696 > 4.085), then it can also be seen from the significance value 0.015 < 0.05, meaning that H0 rejected and Ha accepted. This means variables intellectual capital and Islamic corporate governance simultaneously (together) have a significant influence on Islamic banking performance this allows the regression model to be used to predict the dependent variable.
Coefficient of Determination R2 Test

Table 9.

Coefficient of determination test (R2)

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.441a</td>
<td>.194</td>
<td>.153</td>
<td>9.54589</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), ICG, IC

Source: SPSS version 23 output results processed in 2024

Table 11 calculation the coefficient of determination for the Adjusted R Square number is 0.153. This shows that the percentage of 15.3% is the contribution of the influence of the independent variable on the dependent variable. It can also be interpreted that the independent variable used in the model is able to explain 15.3% of the dependent variable. The rest is explained by other variables outside this research.

CONCLUSION

The results of research regarding the influence intellectual capital and Islamic corporate governance on the performance of sharia banks in Indonesia, the value of Islamic corporate governance has a significant influence on the performance of sharia banks in banking companies listed on the Indonesia Stock Exchange (BEI Syariah). In the 2020-2022 period this research can produce the following conclusions:

1. The results the partial test (t test) show the t-calculated result of the independent variable intellectual capital (X1) is -2.102 while the t-table value α = 5% is 1.684. This means the calculated t value is smaller than the t table value (-2.102 < 1.684), a significance value of 0.042 < 0.05 means that H0 is and Ha accepted. It means intellectual capital (X1) has a significant influence on banking performance (Y).

2. The results of the partial test (t test) show that the calculated t result of the independent variable Islamic corporate governance (X2) is 2.338, while the t table value for α = 5% is 1.684. This means the calculated t value is greater the t table value (2.338 > 1.684), significance value of 0.025 < 0.05 means that H0 is rejected and Ha is accepted. It means Islamic corporate governance (X2) has a significant influence on banking performance (Y).

3. The results of simultaneous test (F test) show that the calculated f value is 4.696, while the f table value with α = 5% is 4.085. Therefore calculated f value > table f (4.696 > 4.085), then it can also be seen from the significance value of 0.015 < 0.05, meaning that H0 rejected and Ha accepted. This means ...
variables intellectual capital and Islamic corporate governance simultaneously (together) have a significant influence on sharia banking performance, this allows regression model to be used to predict the dependent variable.

REFERENCES


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