



Intellectual capital on zakat performance with corporate governance as an intervening variable in sharia commercial banks

Tri Wahyudi¹, Gita Puspita²

¹Department of Accounting, Faculty of Economic and Business, Sultan Ageng Tirtayasa University, Serang, Indonesia

²Department of Accounting, Faculty of Economic and Business, Al-Khairiyah University, Serang, Indonesia

Article Info

Article History

Received : 2021-10-22

Revised : 2021-12-10

Accepted : 2022-02-13

Published : 2022-08-03

Keywords:

Intellectual capital, corporate governance, zakat performance

DOI:

<https://doi.org/10.20885/JEKI.vol8.iss2.art8>

JEL Classification:

E44, E52, G01, G21, G32

Corresponding author:

Tri Wahyudi
tri.wahyudi@untirta.ac.id

Author's email:

tri.wahyudi@untirta.ac.id
gitapuspita555@gmail.com

Paper type:

Research paper



Center for Islamic Economics Studies and Development, Faculty of Business and Economics, Universitas Islam Indonesia

Abstract

Purpose – This study aims to analyze the influence of intellectual capital; and corporate governance on the performance of zakat in Islamic commercial banks.

Methodology – Population in this study is Islamic commercial banks registered in the Bank Indonesia database with the period spanning from 2014 to 2019. The samples were filtered using purposive sampling technique based on financial statement data. Analyses were carried out using classical assumption test and multiple linear regression analysis.

Findings – The results from multiple linear regression analyses indicate that intellectual capital significantly influences zakat performance at 5 percent alpha level. However, intellectual capital has no effect on zakat performance when variable of corporate governance is treated as an intervening variable.

Implications – This research can be used in the future both as a literature review and as a reference material that can be used by zakat institutions, Islamic banking, and the government, especially in Indonesia in managing and determining strategies to improve future company performance.

Originality – In general, research using sharia principles for each variable calculation (iB-VAIC and Zakat) are still limited. In addition, there is only a few researchers who use the corporate governance variable as an intervening variable.

Cite this article:

Wahyudi, T., & Puspita, G. (2022). Intellectual capital on zakat performance with corporate governance as an intervening variable in sharia commercial banks. *Jurnal Ekonomi & Keuangan Islam*, 8(2), 250-263. <https://doi.org/10.20885/JEKI.vol8.iss2.art8>.

Introduction

Indonesia, the largest Muslim country in the world, should be a pioneer and center for the development of Islamic finance in the world. In recent years, Islamic commercial banks have grown significantly. This can be seen from the increase in investment funds as well as deposit funds. In addition, there has also been an increase in growth of business volume and distribution of business financing, which is expected to be able to contribute to Indonesia's economic growth. In terms of intangible assets, intellectual capital has developed since the existence of PSAK number 19, which

can be identified but do not have a physical form. Intangible assets are used to obtain goods or services or are loaned to other parties or for administrative purposes.

From a resource-based theory perspective, sustainable competitive advantage is closely related to the company's ability to maintain valuable, rare, and non-replaceable intellectual capital assets which require more effective handling (Freeman et al., 2021). Competitive advantages can arise from the quantity and quality of adequate human resources (HR) and the existence of information technology (IT) that support the development of products and services as well as an efficient implementation system (Trianto et al., 2021). Intellectual capital does not provide a competitive advantage without proper organization and placement (Grant, 1996). Herein lies the relationship with governance, where there is an important role in the development and utilization of intellectual capital in a company. Several studies also explain the relationship between intellectual capital and corporate governance (Safieddine et al., 2009).

In the Law number 21 of 2008, banking activities require effective management of entities and potential risk considerations. Existing risks should be mitigated so that the objectives of an entity can be achieved. Research on the influence of intellectual capital on company performance has been carried out by several researchers with the result that intellectual capital has a positive influence on company performance (Chen et al., 2005; Nimtrakoon, 2015). Different research results show that there is no influence of intellectual capital on company performance (Lestari et al., 2013). Despite the results of previous research, it is necessary to conduct more research with a different performance reference, which is zakat in the company. Other than that, although many studies with intellectual capital and company performance have been carried out, only a few have connected intellectual capital with corporate governance (Earnest & Sofian, 2013).

Performance evaluation is required in every business entity (company). One form of performance evaluation of Islamic banks is to use the concept of *mushabahah*. This concept is used as the basis for evaluating the performance of Islamic banks. Islamic banking experts have proposed some reasons why there should be differences in measuring the performance of Islamic banks and conventional banks in more detail and in a more comprehensive way (Al-Musali & Ismail, 2014). Islamic banking is part of the Islamic economic system and has economic and social goals, including the realization of justice for all Indonesian people.

Research on the influence of intellectual capital on company performance has been carried out by several researchers including Chen et al. (2005) and Nimtrakoon (2015), who show that intellectual capital has a positive effect on company performance. Their finding is different from that of Lestari et al. (2013), which failed to prove that intellectual capital has a positive effect on company performance.

This study may give contribution to the increase of economic growth, especially in Islamic banking industry. This includes the growing business volume, investment funds, public deposit funds, as well as the distribution of financing that continues to increase. In addition, with advances in information technology supported by good quality and quantity of resources, the implementation system in the Islamic banking industry can be built effectively and efficiently.

The specific purpose of this research is to look at the influence of intellectual capital on the performance of Islamic banks in a more comprehensive manner. This is based on an awareness that Islamic banking is different from conventional banking even though the governance is same in both banks. Islamic banking, which is part of the Islamic economic system, has an Islamic socio-economic goal such as realizing distributional justice.

These various studies indicate the benefits of intellectual capital and the need for empirical research on intellectual capital, but there could be an inconsistency due to the influence of other variables that may not have been controlled by previous researchers. Researchers try to include corporate governance as an intervening variable in accordance with the concept of Earnest and Sofian (2013). Based on the inconsistency of the results of previous studies and seeing that the majority of the Indonesian population is Muslim, as well as the increasing need and growth of Islamic banking, the researchers will conduct research on Islamic commercial banks in Indonesia over the period 2014 to 2019.

Literature Review and Hypothesis Development

Literature Review

Resource-based theory is a theory that analyzes a company's competitive advantage and clarifies the benefits of knowledge. It can also be interpreted as an economy relying on existing resources. Resource-based theory was first introduced in 1959 by Edith Penrose. Penrose argues that a company's assets are heterogeneous and that the company's special resources in the service sector provide unique characteristics (Valentinov et al., 2019).

Resource-based theory (RBT) states that a business entity can achieve excellence if it has superior resources or assets. A business entity is an association of resources or assets in the form of tangible and intangible assets (Freeman et al., 2021). The existence of different resources or assets and capabilities of business entities will create competition and will generate more competitive advantages. Resource-based theory (RBT) can be interpreted that business entities can manage intellectual capital, which is part of the performance of business entities, including the role of all resources or assets in the business entity, be it employees (human capital), physical assets (physical capital), and structural capital.

Agency theory is the relationship between agents (company management) and company owners. In an agency relationship, there is a relationship or contract between the principal and the agent, where the principal is the party who employs the agent to perform tasks for the interest of the principal, while the agent is the party that carries out the interests of the principal. The main assumption of agency theory is that the main goals and objectives of different agents can cause conflict where company managers tend to prioritize their own personal goals, for example trying to get the highest possible bonus. This can lead to a tendency for managers to focus on projects and company investments that generate high returns in the short term rather than maximizing shareholder wealth through investing in projects that are profitable in the long term (Scott, 2015).

There are several ways to align the interests of shareholders with those of managers, one of which is by implementing and disclosing governance. With the implementation of good governance, it is expected that the company can carry out responsibilities to all stakeholders, including shareholders as actors, so that conflicts of interest between agents and actors can be minimized. In overcoming this asymmetry problem, the company is expected to be able to disclose and implement good and correct corporate governance to prove the company's commitment to stakeholders (Warsono, 2009).

Some researchers classify intellectual capital into three categories: structural capital, human capital, and customer capital (Ulum et al., 2014). Implicitly, human capital describes a person's knowledge in an institution, or an institution represented by the workforce or employees. Human capital includes commitment, competence, and loyalty of the workforce or employees given to the company. Meanwhile, structural capital includes the entire set of knowledge that exists within the organization, including the existence of organizational charts, databases, process manuals, routines strategies, and everything that makes the value of the company higher than the material value of the company. Furthermore, customer capital is defined as existing knowledge in relation to marketing and proximity to customers.

In contrast to previous studies, this study will analyze the influence of intellectual capital using the modified Pulic model, namely Islamic Banking Value Added Intellectual Capital (iB-VAIC). There is a difference in the calculation of the name or account of the company's value-added formula. The model created by Pulic calculates added value based on the amount of income. In contrast to the modified Ulum model, iB-VAIC is based on sharia activities from Islamic commercial banks (Ulum, 2013).

Governance is a system that controls and regulates business entities so that these business entities have added value whose benefits are expected to be gained by all stakeholders (Ferdiana, 2012). The concept of governance issued by the IFSB (Islamic Financial Service Board) is known as sharia governance (Hameed et al., 2004). Sharia governance has a foundation that is dominantly the same as the existing governance in conventional business entities (Muhammad et al., 2021). The difference between sharia and conventional governance is that sharia governance recognizes

the term sharia compliance which means compliance with sharia values, while the principles or foundations that exist in conventional governance provisions are discipline, honesty, prudence, and transparency.

In sharia business, the implementation of good governance is part of efforts to safeguard the interests of stakeholders, and part of increasing compliance with existing laws and regulations as well as values and ethics in Islamic banking (Muhammad & Triharyono, 2019). Regulations on the concept of good governance for Islamic banking are regulated in the Financial Services Authority Regulation (POJK) of the Republic of Indonesia (Financial Services Authority Regulation (POJK) Number 8/POJK.03/2014 concerning Assessment of the Soundness Level of Sharia Commercial Banks and Sharia Business Units, 2014)

Islamic Bank Performance and Its Measurement

Performance can be interpreted as a condition of achieving the implementation of an activity to realize the goals that exist in the company (Nimtrakoon, 2015). Performance according to the dictionary of accounting terms is an existing quantification of the effectiveness of a business that is run over a certain period. Financial performance is an effort to assess the company's performance, including assessing the financial condition using ratios and indexes. Ratios and indexes are obtained by connecting two financial data with each other (Al-Musali & Ismail, 2014).

Banking health is important for all parties, not only for shareholders but also for bank managers, especially for people who use bank services (Al-Musali & Ismail, 2014). Currently, there are many indices formulated to measure the performance of a business entity, but there is no index used to measure the performance of Islamic financial institutions. The development of a performance measurement index to measure the performance of Islamic financial institutions includes the use of the Islamicity Performance Index with the aim of assisting stakeholders in measuring the performance of Islamic banks (Hameed et al., 2004).

Islamicity Performance Index is a performance measurement tool to calculate values not only materialistic values but also spiritual values that exist in Islamic banks. Measurement of the performance of business entities using the Islamicity Performance Index is based on the information contained in the financial statements of the business entity. The method of measuring the ratio of the performance of Islamic banks is the Zakat Performance Ratio (ZPR) (Hameed et al., 2004).

Zakat is one of the pillars of Islam, so it is used by banks as part of the discussion and implementation of accounting in Islamic banks. The performance of Islamic banks can be based on income which is correlated with zakat that should be paid by the company or bank. It is payable at 2.5% of profit before tax, as a substitute for indicators of existing performance, which are conventional, and one of which is related to profits divided by the value of shares or earnings per share. The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) designed provisions regarding zakat for financial institutions, institutions, or entities. It also uses the zakat performance ratio (ZR) obtained from the comparison between the zakat to be paid in Islamic commercial banks and the profit earned by the company before tax. This is based on the consensus or agreement that there is an Indonesian Islamic commercial bank assessing the amount of zakat based on the profit earned by the company before tax.

Hypothesis Development

Intellectual Capital and Zakat Performance

Objects in the finance and insurance industry, especially in Islamic commercial banks, are expected to have an influence on intellectual capital and on company zakat by looking at financing activities, especially those related to *mudharabah* and *musyarakah* financing. *Mudharabah* and *musyarakah* are two important elements to the financing activities. The main goal of Islamic banks is to generate profits in the form of profit sharing. Intellectual capital is believed to be able to contribute to increasing value-added for the company and improving the performance of the company's finances (Ulum et al., 2014).

From a resource-based theory perspective, sustainable competitive advantage is closely related to the company's ability to maintain valuable, rare and non-replaceable human capital assets

and implement them effectively. Intellectual capital plays an important role in creating and sustaining company growth. This can be properly structured in the context of the resource-based view, which argues that intellectual capital is at the core of value creation and competitive advantage (Freeman et al., 2021).

The criteria for a company's resources in achieving a sustainable competitive advantage include something that has positive value and is unique to the company (Hermawan et al., 2020). The existence of zakat can create a special attraction for stakeholders as an effort to carry out Islamic principles or Islamic law. With zakat, there is an effort to clean property and soul.

Islamic commercial banks (BUS) have been able to optimize managing intellectual capital based on Islamic law by providing its own value for the output produced in the form of zakat. Islamic commercial banks (BUS) manage knowledge assets in business entities well and play an important role in shaping values and providing results in the development of zakat. Several researchers have shown that there is an influence of intellectual capital (VAIC™) on the financial performance of the company (Chen et al., 2005; Tan et al., 2007). Based on the description above, the research hypotheses of this study are:

H₁: Intellectual capital has effect on zakat performance.

Intellectual Capital, Zakat Performance and Corporate Governance

In the Resources-Based Theory there is an illustration where a business entity can compete competitively if the business entity is able to run and utilize existing resources in accordance with existing capabilities. This can work well if the use of existing resources is supported by good knowledge or intellectual abilities of the business entity as well. If resources are used efficiently and effectively, it can improve the quality of business entity performance, especially related to *mudharabah* and *musyarakah* financing activities. Thus, the application of the concept of corporate governance is expected to increase the professionalism and welfare of shareholders without ignoring the interests of stakeholders.

Researchers try to include corporate governance as an intervening variable in accordance with the concept of Earnest & Sofian (2013). The relationship between intellectual capital and performance has been widely studied but only a few have connected intellectual capital with corporate governance (Earnest & Sofian, 2013). The results of Safieddine's research explain that there is a relationship between intellectual capital and corporate governance (Safieddine et al., 2009). Intellectual capital cannot provide a competitive advantage without proper organization and placement (Grant, 1996). Herein lies the relationship with corporate governance, including the collection and use of zakat funds. With right organization and placement, corporate zakat can give some advantages, including the use of zakat to get a more positive response from stakeholders, one of whom is the community or customers.

Effective corporate governance occurs when management ensures that organizational procedures and activities are managed properly to provide reliable management reporting and financial reports as well as the emergence of more effective internal controls (Earnest & Sofian, 2013). Effective and efficient internal control is important to ensure good corporate governance and reliable financial reporting which in turn increases investor confidence in the capital market. As emphasized in the literature, all qualities of good corporate governance will ultimately affect organizational performance. This is confirmed by several research results which state that there is an influence between corporate governance on company performance (Arifin, 2016). Based on the description above, the research hypotheses of this study are:

H₂: Intellectual capital has an effect on zakat performance with corporate governance as an intervening variable

Research Methods

Study Object

This study analyzes the influence of intellectual capital in Islamic commercial banks in Indonesia. The population in this study was all Islamic commercial banks (BUS) in Indonesia which were

registered on the Bank Indonesia from 2014 to 2019. The samples used were selected with purposive sampling, namely a sample selection technique using certain criteria. Table 1 presents the results of the research sample.

Table 1. Total Population and Sample

Sample Criteria	Quantity
Islamic commercial banks (BUS) Indonesia in 2014 - 2019	72
Issued because based on the income statement it is declared loss	(8)
Issued because it does not have <i>mudharabah</i> and or <i>musbaraka</i> financing activities	(7)
Research data	57

Data Collection Method

Documentation method is used in finding and collecting data. The documentation method is a method of collecting data and information through exploration of literature and literature studies as well as financial data reports submitted by Islamic commercial banks through websites. All variables in this study were obtained from the official website of each Islamic bank.

Operational Definition and Measurement of Variables

As described earlier, an operational definition of the variable is made to measure the variables needed in this study. The operational definition in this study is shown in Table 2.

Table 2. Operational Definition of Research Variables

Variable	Definition	Indicator	Scale	References
<i>Intellectual capital</i>	Corporate wealth is the driving force behind the creation of corporate value. (Firer dan Williams, 2003)	iB-VAIC TM = iB-VACA + iB-VAHU + iB-STVA	Ratio	Ulum, 2013
		iB-VACA = VA / CE	Ratio	
		iB-VAHU = VA / HC	Ratio	
		iB-STVA = SC / VA	Ratio	
Company performance	A description of the achievement of the implementation of an activity in realizing the company's goals. (Brigham dan Houston, 2001).	ZPR = Zakat/Net Asset	Ratio	Hameed et al., 2004
<i>Corporate governance</i>	The system that regulates and controls the company so that the company creates added value for all its stakeholders. (Sulistiyanto, 2008)	Determination of ranking based on 11 (eleven) GCG implementation assessment factors	Interval	SE BI No. 12/13/DP bS/2010 and SE OJK No. 10/SEOJK. 03/ 2014

Note: value added capital employed (iB-VACA) = ratio of iB-VA to CE; value added human capital (iB-VAHU) = ratio of iB-VA to HC; structural capital value added (iB-STVA) = ratio of SC to iB-VA; iB-VA = value added, CE = capital employed, HC = human capital, ST = structural capital, PSR = profit sharing ratio; ZPR = zakat performance ration

Data Analysis Method

The independent variable of this research is intellectual capital (knowledge capital). This research was developed by Pulic using the VAIC (Value Added Intellectual Capital) method. The VAIC method measures the performance value of a company's intellectual capital based on the added value obtained from calculating VACA (physical capital) plus VAHU (human capital) plus STVA (structural capital).

This study modifies the Pulic model because the object used is a commercial Islamic bank. To analyze the influence of intellectual capital using iB-VAIC (Islamic Banking Value Added Intellectual Capital), the following model description is used:

$$iB-VAIC^{TM} = iB-VACA + IB-VAHU + iB-STVA$$

The $iB-VAIC^{TM}$ model is calculated through several stages.

Calculating the value of iB-VA.

$$iB-VA = OUT - IN$$

Where, OUT (Output) is total revenue, and IN (Net income-sharia activities) is main operating income from sharia activities + other operating income - third party rights to profit sharing and temporary *syirkah*

Value added (iB-VA), which can also be calculated from company accounts, is as follows:

$$iB-VA = OP + EC + D + A$$

where, OP is operating profit; EC is employee costs; D is depreciation, and A is amortization

Calculating iB-Value added Capital Employed (iB-VACA)

iB-VACA (Value added Capital Employed) is a reference/parameter for iB-VA made by 1 (one) unit of human capital. The ratio shows the contribution made by each unit of employee capital to the company's value added.

$$iB-VACA = VA / CE$$

Where, iB-VACA is value added capital employed; iB-VA is value added, and CE is capital employed: available funds (total equity)

Calculating iB-Value added Human capital (iB-VAHU)

iB-VAHU indicates the number of iB-VA that can be generated with funds spent on labor. The ratio shows the contribution made by each rupiah invested in HC to the value added of the organization.

$$iB-VAHU = VA / HC$$

Where, iB-VAHU is value added human capital; iB-VA is value added, and HC is human capital: employee costs

Calculating Structural Capital Value added (iB-STVA)

This ratio measures the amount of structural capital needed to generate one rupiah from an iB-VA and is an indication of how successful structural capital is in value creation.

$$iB-STVA = SC / VA$$

Where, iB-STVA is structural capital value added: ratio of SC to IB-VA; iB-VA is value added, and SC is structural capital: IB-VA – HC

The dependent variable used in this study is corporate zakat. Islamic banks have different characteristics from conventional banks; therefore, appropriate measurements are needed to measure the performance of Islamic banks. Based on the financial performance of Islamic banks, one sharia performance measurement is used, namely the measurement with zakat performance

ratio (Hameed et al., 2004). The method of calculating financial performance used in the study is defined as follows:

$$\text{Zakat Performance Ratio} = \text{Zakat} / \text{Net Asset}$$

The next type of variable is the intervening variable, in the form of corporate governance. Corporate governance is measured based on the regulations of the Financial Services Authority (Financial Services Authority Regulation (POJK) Number 8/POJK.03/2014 concerning Assessment of the Soundness of Sharia Commercial Banks and Sharia Business Units, 2014). Governance in Islamic commercial banks can be seen from the annual management reporting by looking at the ranking of the results of the self-assessment calculation related to the governance of these banks. The ranking can be viewed on the website of each bank.

In calculating self-assessment, Islamic commercial banks use factors that are multiplied by the weight of these factors as shown in Table 3.

Table 3. Weight Factors Self-Assessment of CGC Implementation

Factor	Weight (%)
Implementation of the duties and responsibilities of the Board of Commissioners	12.50
Implementation of the duties and responsibilities of the Board of Directors	17.50
Completeness and implementation of the Committee's duties	10.00
Implementation of the duties and responsibilities of the Sharia Supervisory Board	10.00
Implementation of sharia principles in fundraising and disbursing funds and services	5.00
Handling conflicts of interest	10.00
Implementation of the Bank's compliance function	5.00
Implementation of the internal audit function	5.00
Implementation of the external audit function	5.00
Maximum limit for disbursement of funds	5.00
Transparency of financial and non-financial conditions, GCG implementation reports and internal reporting	15.00
Total	100.00

Source: Financial Services Authority Regulation (POJK) No. 8/POJK.03/2014

To get a composite rating, Islamic commercial banks add up the values of all factors. As shown in table 4, the bank determines the composite predicate based on the composite value.

Table 4. Composite Predicate (Conclusion of CGC Implementation)

Composite Grade	Predicate Composite	Rank
Composite value < 1.5	Very Good	Rating 1
1.5 ≤ Composite value < 2.5	Good	Rating 2
2.5 ≤ Composite value < 3.5	Fairy Good	Rating 3
3.5 ≤ Composite value < 4.5	Poor	Rating 4
4.5 ≤ Composite value ≤ 5	Not Good	Rating 5

Source: Financial Services Authority Regulation (POJK) No. 8/POJK.03/2014

Results and Discussion

Descriptive Statistics

Descriptive statistical analysis was used to determine the level of intellectual capital (iB-VAIC), corporate governance, and zakat in Islamic commercial banks from 2014 to 2019 according to the research sample data. Descriptive statistics consist of maximum, minimum, mean, and standard deviation values of each test. The following is an explanation of the data analysis of this study using secondary data which was processed with SPSS version 20.0 software. The descriptive statistics of each research variable contained in this study are presented in Table 5.

Based on descriptive statistical testing, it is known that the bank with the lowest intellectual capital value (iB-VAIC) was Bank Victoria Syariah in 2016, while the highest score was Maybank

Syariah in 2019. Meanwhile the banks with the lowest score or rank 1 (very good) in corporate governance (CG) in 2014 were Bank BCA Syariah and Panin Syariah, and in 2015 to 2016 were Bank Syariah Mandiri and BCA Syariah, while the highest score or with a rating of 3 (good enough) was Bank Muamalat in 2014 to 2019. The bank with the lowest value of zakat performance ratio (ZPR) was Bank BRI Syariah in 2014, while the highest was Bank BTPN Syariah in 2016. The average Intellectual Capital (iB-VAIC) of Islamic commercial banks can be categorized as good performers, with a score between 2.0 to 2.99. while the average corporate governance (CG) of Islamic commercial banks is categorized into Rank 2 with a good predicate, namely with a score between 1.5 Composite value < 2.5.

Table 5. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
iB-VAIC	57	1.2371	4.8395	2.224793	.7688623
CG	57	1.0000	3.0000	1.842105	.5602765
ZPR	57	.0000	.0038	.000543	.0007282
Valid N (listwise)	57				

Note: iB-VAIC is intellectual capital; CG is corporate government, ZPR is zakat performance ratio

The next step is testing the classical assumptions, namely, multicollinearity test, heteroscedasticity test and correlation test. The multicollinearity test was only performed on multiple regression analysis and thus it was only performed on the regression model 2. A multicollinearity test is needed to determine the presence or absence of a relationship between independent variables in one regression model. If there is a correlation, the regression model has a multicollinearity problem. Identifying whether the variables used contain multicollinearity can be done by looking at the tolerance value and the Variance Inflation Factor (VIF). Based on the test results obtained, the VIF value for all variables is < 10, and the tolerance value is > 0.1, indicating no multicollinearity.

One way to detect the presence or absence of heteroscedasticity is by using the Glacier Test. The Glacier Test can be done by regressing the absolute residual value on the independent variable and by using the basis for making decisions. The test results show the Sig value of the independent variable > 0.05, so there is no heteroscedasticity on that regression model 1 and regression model 2. Then, autocorrelation test can be done by using the Run test. In this test, if the significant value of the test results > 0.05, it means that there is no autocorrelation in the model. In contrast, a significant value < 0.05 indicates that there is autocorrelation in the model. Based on the test results obtained, a significant value was obtained from the Run test results in the three regression models > 0.05, which indicates that there is no autocorrelation in the two regression models.

Multiple Linear Regression Analysis

In this study, the variables of intellectual capital (iB-VAIC), zakat, and corporate governance were analyzed using multiple linear regression analysis using 2 (two) equations:

$$ZPR = \alpha + \beta_{1b} \text{iB-VAIC} + \beta_{2b} \text{CG} + e \quad (1)$$

$$\text{CG} = \alpha + \beta_{2b} \text{iB-VAIC} + e \quad (2)$$

Regression analysis basically aims to measure the strength and direction of the relationship between the dependent and independent variables in the equation. Classical assumption test is needed to validate the assumptions of the regression analysis results. The classical assumption test in multiple linear regression analysis with data containing time series includes normality test, multicollinearity test, heteroscedasticity test and autocorrelation test. After testing the classical assumptions, it is continued with regression testing of equations 1 and 2 with the results as shown in Tables 6 to 7.

Table 6. Regression Test Results Model 1

$ZPR = \alpha + \beta_{1b} iB-VAIC + \beta_{2b} CG + e$				
	Variables	Coeff	t - Stat	Prob.
1	(Constant)	-10.235	-46.194	.000
	Ln_iBVAIC	2.353	10.751	.000*)
	Ln_CG	-.029	-.152	.882*)
	<i>Adjusted R- squared</i>	.746		
	<i>F - statistic</i>	61.481		
	<i>R- squared</i>	.210		

*) Showing the coefficient of significance at 0.05

Source: Authors Calculation, 2021

The results of the regression analysis of equation 1 (Table 6) show that the significant value of the influence of the intellectual capital variable (iB-VAIC) on the zakat performance ratio (ZPR) is 0.000. The existing value shows $0.000 < 0.05$, which means H_0 is accepted. It can be interpreted that the intellectual capital variable (iB-VAIC) has a significant effect on the zakat variable. This also shows that the intellectual capital variable (iB-VAIC) can affect the zakat variable. This supports hypothesis 1 and it means that hypothesis 1 is accepted. This study is consistent with researches conducted by Nimtrakoon (2015) and Chen et al. (2005), who succeeded in proving the influence of intellectual capital on company performance.

The contribution of the independent variable to the dependent variable is indicated from the determination analysis or R square. Determination analysis is used to determine the percentage contribution of the influence of the independent variable simultaneously on the dependent variable. The test results show the R square value of 21%, which means the contribution given by the intellectual capital variable (iB-VAIC) to the corporate governance variable is 21%.

Islamic commercial banks (BUS) have been able to optimize managing intellectual capital based on Islamic law by providing its own value for the output produced in the form of zakat. The formation of value for the increase in zakat indicates that the management of intangible assets in the form of knowledge has been carried out well by Islamic commercial banks (BUS). The results of the regression analysis of equation 2 (Table 2) show that the significant value of the influence of the intellectual capital variable (iB-VAIC) on corporate governance is 0.000. The existing value shows $0.000 < 0.05$ which means that the intellectual capital variable (iB-VAIC) has a significant effect on the corporate governance variable, but in the regression equation 1 (Table 6) the significant value of the intellectual capital variable (iB-VAIC) on the corporate governance is 0.882. The existing value shows $0.882 > 0.05$, which indicates that the corporate governance variable does not affect the intellectual capital variable (iB-VAIC) on zakat.

Table 7. Regression Test Results Model 2

$CG = \alpha + \beta_2 iB-VAIC + e$				
	Variable	Coeff	t - Stat	Prob.
2	(Constant)	.887	13.744	.000
	Ln_iBVAIC	-.268	-3.347	.002
	<i>Adjusted R- squared</i>	.210		
	<i>F - statistic</i>	11.188		
	<i>R- squared</i>	.745		

*) showing the coefficient of significance at 0.05

The results of the R square test obtained the value of the coefficient of determination of 0.745. This value indicates that the simultaneous influence of the intellectual capital variable (iB-VAIC) and corporate governance on the zakat performance ratio (ZPR) variable is 74.5%.

Testing the mediation hypothesis was carried out with the Sobel test, which tested the strength of the indirect influence of the independent variable (X) to the dependent variable (Y) through the intervening variable (M). The results of the test shows that the intellectual capital variable (iB-VAIC) has a t count of 0.1449 which is smaller than t table (1.684) with a significance level of 0.05. It can be concluded that the mediation coefficient is not significant, which means that there is no effect of mediation.

Discussion

According to resource-based theory, the effective and efficient use of intellectual capital will lead to an improvement in financial performance. This is consistent with most of the opinions of researchers who use the VAIC model as the primary measurement of intellectual capital (Djuanda et al., 2019). The source of Islamic banking zakat funds consists of zakat from within Islamic banking entities and zakat funds from outside Islamic banking entities. Zakat from within Islamic banking entities is the expenditure of zakat by Islamic banking on assets owned, while zakat from outside the entity is zakat that comes from customers and general. The use of intellectual capital in Islamic banking can increase zakat expenditure during the research year.

Based on the results of the study, it can be concluded that, in terms of determining corporate zakat, Islamic commercial banks (BUS) in Indonesia are influenced by intellectual capital (iB-VAIC). Zakat only exists in companies that are based on Islamic law. They have positive values on zakat, and it is unique to the company, or, more precisely, both the agents (company management) and owners. Optimization in managing intellectual capital in an Islamic based company provides its own added value for the company's products and services to produce optimal zakat value. The existence of zakat can create a special attraction for stakeholders as an effort to carry out Islamic principles or Islamic law. Furthermore, providing zakat means that there is an effort to clean property and souls.

Intellectual capital has an influence on the performance of Islamic commercial banks in Indonesia so that it has an impact on increasing company value. The performance of Islamic commercial banks can be seen from the activities of *mudharabah* and *musyarabah* financing as one of the important points in generating profits in the form of profit sharing. Existing profits will produce zakat to be distributed to people who are entitled to receive it. Intellectual capital also has an important influence in creating and maintaining the existence of Islamic commercial banks because in the context of the resource-based view it is conveyed that intellectual capital is the core of value creation and competitive advantage. Zakat provides a special attraction for stakeholders to be able to engage in financial activities based on Islamic principles or Islamic law. On the other hand, Islamic commercial banks show their readiness to manage existing knowledge assets properly and play an active role in maintaining Islamic values by making zakat as one of the parameters for the success of running a company. Research on the influence of intellectual capital on company performance has been carried out by several researchers including Chen et al. (2005) and Nimtrakoon (2015), with the results that intellectual capital has a positive influence on company performance. There are also different research results, namely that there is no influence of intellectual capital on company performance, namely the results of research by Lestari et al. (2013) and Hamdan (2018).

The results of hypothesis testing prove that intellectual capital (iB-VAIC) has a direct effect on zakat performance ratio (ZPR) and does not indirectly affect zakat performance ratio (ZPR) through corporate governance. This shows that corporate governance cannot explain the indirect relationship between intellectual capital (iB-VAIC) and zakat performance ratio (ZPR). This does not support hypothesis 2, which means that hypothesis 2 is not accepted.

The existence of intellectual capital (iB-VAIC) does not affect the company's zakat on the zakat performance ratio (ZPR) mediated by corporate governance. This is due to the development of intellectual capital and the implementation of corporate governance, especially by agents (company management) which have not been maximized. As a result, organizational procedures and activities may not be well managed. Therefore, effective and efficient internal control is important to ensure good corporate governance and reliable financial reporting. Corporate

governance has not been able to play an optimal role in managing intellectual capital within the company, especially in the collection and use of zakat funds. This can be seen in the absence of a special organization and placement in providing the advantages of corporate zakat in terms of zakat utilization. As a consequence, it does not get a positive response from stakeholders, including the community or customers.

Islamic commercial banks carry out their activities supported by intellectual abilities. The existence of effective and efficient use of intellectual capital can improve company performance, especially in *mudharabah* and *musharaka* activities as one of the important points in generating profits in the form of profit sharing. The implementation of existing governance in Islamic commercial banks has no effect on the company's performance even though the concept of governance has shown professionalism and is oriented towards the welfare of the stakeholders. The existence of an inappropriate organization and placement will have an impact on the decline in the company's competitive value so that it will also have an impact on the company's performance. The existence of good governance in Islamic commercial banks should be able to attract more stakeholders and get a good response in the population as a Muslim. Properly managed organizational procedures and activities supported by effective and efficient internal control should increase stakeholder trust. The results of this study are in line with the research by Safieddine et al. (2009) which explains that there is a relationship between intellectual capital and corporate governance. However, it is not in line with the findings by Arifin (2016), which suggest that there is an influence between corporate governance on company performance.

Conclusion

Intellectual capital affects the company's zakat. It implies that Islamic commercial banks have been able to optimize managing intellectual capital based on Islamic law by providing its own value for output in the form of zakat. The purpose of this study is to find out if the intellectual capital in a company based on Islamic law can provide added value and attractiveness to stakeholders. The existence of corporate governance as an intervening variable makes intellectual capital not affect the company's zakat. This is to answer the purpose of the next research, namely, to show that the existence of intellectual capital with good governance of Islamic commercial banks has not been able to create, develop, and utilize the intellectual capital that exists in the company in Islamic activities, especially in the collection and use of zakat funds. Recommendations for future research are to replace the object of research from other sharia service sectors, as well as to separate the analysis for intellectual capital items consisting of structural capital, human capital, and customer capital.

Author Contributions

Conceptualization: Tri Wahyudi & Gita Puspita

Data curation: Gita Puspita

Formal analysis: Tri Wahyudi & Gita Puspita

Investigation: Tri Wahyudi & Gita Puspita

Methodology: Tri Wahyudi & Gita Puspita

Project administration: Gita Puspita

Supervision: Tri Wahyudi

Validation: Tri Wahyudi & Gita Puspita

Visualization: Tri Wahyudi

Writing of original draft: Tri Wahyudi & Gita Puspita

Writing, reviewing & editing: Tri Wahyudi

References

- Al-Musali, M. A. K., & Ismail, K. N. I. K. (2014). Intellectual capital and its effect on financial performance of banks: Evidence from Saudi Arabia. *Procedia - Social and Behavioral Sciences*, 164(August), 201–207. <https://doi.org/10.1016/j.sbspro.2014.11.068>

- Arifin, J. (2016). Corporate governance and intellectual capital on financial performance of bank sector companies: Indonesia stock exchange 2008-2012. *Journal of Administrative Sciences and Policy Studies*, 4(1), 61–82. <https://doi.org/10.15640/jasps.v4n1a4>
- Chen, M. C., Cheng, S. J., & Hwang, Y. (2005). An empirical investigation of the relationship between intellectual capital and firms' market value and financial performance. *Journal of Intellectual Capital*, 6(2), 159–176. <https://doi.org/10.1108/14691930510592771>
- Djuanda, W., Tanjung, A. R., & Kamaliah. (2019). Pengaruh intellectual capital dan Islamic corporate governance disclosure terhadap kinerja keuangan : Peran Islamic corporate social responsibility disclosure sebagai variabel mediasi. *Journal Ekonomi*, 27(3), 267–281. <https://doi.org/10.31258/je.27.3.p.267-281>
- Earnest, D. F., & Sofian, S. (2013). The mediating role of corporate governance on intellectual capital and corporate performance. *Journal of Economics, Business and Management*, 1(4), 339–342. <https://doi.org/10.7763/joebm.2013.v1.73>
- Ferdiana, N. (2012). Pengaruh good corporate governance terhadap kinerja keuangan perusahaan pertambangan di BEI. *Jurnal Ilmiah Mahasiswa Akuntansi*, 1(2), 11–15. <http://journal.wima.ac.id/index.php/JIMA/article/view/131>
- Freeman, R. E., Dmytriyev, S. D., & Phillips, R. A. (2021). Stakeholder theory and the resource-based view of the firm. *Journal of Management*, 47(7), 1–14. <https://doi.org/10.1177/0149206321993576>
- Grant, R. M. (1996). Towards a knowledge-based theory of firm. *Strategic Management Journal*, 17(Winter Special Issue), 109–122. <https://doi.org/10.1002/smj.4250171110>
- Hamdan, A. (2018). Intellectual capital and firm performance: Differentiating between accounting-based and market-based performance. *International Journal of Islamic and Middle Eastern Finance and Management*, 11(1), 139–151. <https://doi.org/10.1108/IMEFM-02-2017-0053>
- Hameed, S., Wirman, A., Alrazi, B., Nazli, M., & Pramono, S. (2004). Alternative disclosure and performance measures for Islamic banks. In *Second Conference on Administrative Sciences: Meeting the Challenges of the Globalization Age*, King Fahd University of Petroleum & Minerals, Dhahran, Saudi Arabia, 19–21. <https://doi.org/10.1017/CBO9781107415324.004>
- Hermawan, S., Hariyanto, W., Sriyono, S., & Fediyanto, N. (2020). Keterkaitan the resources based theory dengan intellectual capital disclosure, implementasi pada website, dan respon manajemen perguruan tinggi. *Jati: Jurnal Akuntansi Terapan Indonesia*, 3(2), 55–69. <https://doi.org/10.18196/jati.030227>
- Lestari, P., Harmeidiyanti, S., Hasanah, U., & Widianingsih, R. (2013). Pengaruh intellectual capital terhadap kinerja keuangan dan kinerja pasar pada perusahaan multinasional di Indonesia. *Jurnal InFestasi*, 9(1), 9–18. <https://doi.org/10.21107/infestasi.v9i1.501>
- Muhammad, R., Mangawing, M. A., & Salsabilla, S. (2021). The influence of intellectual capital and corporate governance on financial performance of Islamic banks. *Jurnal Ekonomi & Keuangan Islam*, 7(1), 77–91. <https://doi.org/10.20885/jeki.vol7.iss1.art6>
- Muhammad, R., & Triharyono, C. (2019). Analysis of Islamic banking financial performance before, during and after global financial crisis. *Jurnal Ekonomi & Keuangan Islam*, 5(2), 80–86. <https://doi.org/10.20885/jeki.vol5.iss2.art5>
- Nimtrakoon, S. (2015). The relationship between intellectual capital, firms' market value and financial performance. *Journal of Intellectual Capital*, 16(3), 587–618. <https://doi.org/1108/JIC-09-2014-0104>
- Safieddine, A., Jamali, D., & Noureddine, S. (2009). Corporate governance and intellectual capital: Evidence from an academic institution. *Corporate Governance*, 9(2), 146–157. <https://doi.org/10.1108/14720700910946596>

- Scott, W. R. (2015). *Financial Accounting Theory* (7 (ed.)). Pearson Prentice Hall.
- Tan, H. P., Plowman, D., & Hancock, P. (2007). Intellectual capital and financial returns of companies. *Journal of Intellectual Capital*, 8(1), 76–95. <https://doi.org/10.1108/14691930710715079>
- Trianto, B., Yuliaty, T., & Sabiu, T. T. (2021). Branchless banking and profitability in the Indonesian Islamic banking industry. *Jurnal Ekonomi & Keuangan Islam*, 7(2), 105–122. <https://doi.org/10.20885/jeki.vol7.iss2.art4>
- Ulum, I. (2013). Model Pengukuran kinerja intellectual capital dengan Ib-vaic di perbankan syariah. *Inferensi*, 7(1), 185. <https://doi.org/10.18326/infs13.v7i1.185-206>
- Ulum, I., Ghozali, I., & Purwanto, A. (2014). Intellectual capital performance of Indonesian banking sector: A modified VAIC (M-VAIC) perspective. *Asian Journal of Finance & Accounting*, 6(2), 103. <https://doi.org/10.5296/ajfa.v6i2.5246>
- Valentinov, V., Roth, S., & Will, M. G. (2019). Stakeholder theory: A luhmannian perspective. *Administration and Society*, 51(5), 826–849. <https://doi.org/10.1177/0095399718789076>
- Warsono, S. (2009). *Corporate governance concept and model: preserving true organization welfare* (Vol 1). Center for Good Corporate.