

THE IMPACT OF ISLAMIC CORPORATE GOVERNANCE DISCLOSURE, ISLAMIC INTELLECTUAL CAPITAL, ZAKAT, FINANCIAL PERFORMANCE (SCnP Model) & ISLAMIC ETHICAL IDENTITY TO SUSTAINABLE BUSINESS

PERAN ISLAMIC CORPORATE GOVERNANCE DISCLOSURE, ISLAMIC INTELLECTUAL CAPITAL, ZAKAT, KINERJA KEUANGAN (SCnP Model) DAN ISLAMIC ETHICAL IDENTITY TERHADAP SUSTAINABLE BUSINESS

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ABSTRAK

Tujuan dari penelitian ini adalah untuk menganalisis dampak Islamic Corporate Governance disclosure, Islamic Intellectual Capital, Zakat, Kinerja Keuangan (SCnP Model), dan Islamic Ethical Identity terhadap Sustainable Business. Penelitian ini menggunakan pendekatan kuantitatif. Data yang dipakai ialah data sekunder dengan teknik pengumpulan data content analysis terhadap annual report 5 bank syariah periode 2015-2019 yang terdapat di negara ASEAN, GCC & MESA. Metode analisis data pada penelitian ini menggunakan regresi linier berganda. Hasil penelitian menunjukkan bahwa (1) Islamic Corporate Disclosure berpengaruh terhadap Sustainable Business, (2) Islamic Intellectual Capital berpengaruh terhadap Sustainable Business, (3) Zakat tidak berpengaruh terhadap Sustainable Business, (4) Kinerja Keuangan (SCnP Model) tidak berpengaruh terhadap Sustainable Business, (5) Islamic Ethical Identity tidak berpengaruh terhadap Sustainable Business. Penelitian ini diharapkan dapat memberikan masukan bagi entitas syariah terutama bank syariah dalam pengembangan aspek kinerja keuangan dan non keuangan serta mengi ngatkan kembali akan pentingnya konsep sustainable terutama kewajiban dalam penyusunan sustainability reporting.

Kata Kunci: Islamic Corporate Governance, Islamic Intellectual Capital, Zakat, Islamic Ethical Identity, Sustainable Business.

ABSTRACT

The purpose of this study is to analyze the impact of Islamic Corporate Governance disclosure, Islamic Intellectual Capital, Zakat, Financial Performance (SCnP Model), and Islamic Ethical Identity on Sustainable Business. This study uses a quantitative approach. The data used is secondary data with content analysis data collection techniques on the annual reports of 5 Islamic banks for the 2015-2019 period in ASEAN, GCC & MESA countries. Methods of data analysis in this study using multiple linear regression. The results showed that (1) Islamic Corporate Disclosure has an affects to Sustainable Business, (2) Islamic Intellectual Capital has an effect on Sustainable Business, (3) Zakat has no effect on Sustainable Business, (4) Financial Performance (SCnP Model) has no effect on Sustainable Business, (5) Islamic Ethical Identity has no effect on Sustainable Business. This research is expected to provide input for Islamic entities, especially Islamic banks in developing aspects of financial and non-financial performance as well as reminders of the importance of the concept of sustainability, especially the obligations in preparing sustainability reporting.

Keyword: Islamic Corporate Governance, Islamic Intellectual Capital, Zakat, Islamic Ethical Identity, Sustainable Business.

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I. INTRODUCTION

The failure of the capitalist economic system to face a crisis has made the rise and development of the Islamic economic system a hope for the global economic system. The development of the Islamic finance industry is also growing rapidly. Until now, Islamic finance is still led by the Middle East

region, namely the Gulf region or what is commonly referred to as the GCC (Gulf Cooperation Council) which consists of six countries, namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE. Then followed by the MESA (Middle East & South Asia) region which consists of Afghanistan, Bangladesh, Iran, Iraq, Jordan, Lebanon, Maldives, Palestine, Pakistan, and Sri Lanka and ASEAN with ownership of 25.9 Islamic global financial assets each. % and 23.5% (IFSB, 2020).

Recalling the demands of sustainable development and the call for an agenda 21 where people impact the environment. The United Nations Environment Program (UNEP) recognizes the important role of financial institutions. Islamic financial institutions can interact with environmental issues: as investors, innovators, valuers and as strong stakeholders (Hassan, 2005). Then the ASEAN Banking Integration Framework (ABIF) to provide Qualified ASEAN Banks (QAB) that are adequately capitalized, resilient, well managed and meet prudential banking requirements, with more access to regional markets and freedom to operate in member countries. ASEAN (Suryasnia et al., 2020).

Then, the Indonesian government's efforts with the mega merger of BUMN sharia banks into one bank entity to achieve the target of becoming the world's sharia financial center (Kompas.com, 2020). The above programs have the same goal. Not only so that Islamic financial institutions can meet the challenges of being a going concern. But Islamic financial institutions must also support businesses that favor sustainable development in accordance with Islamic principles, namely in order to provide broad benefits. Sustainability is the principle of the human-planet-profit balance, known as the Triple Bottom Line (TBL) concept. Sustainability lies at the intersection of three societal-social aspects; environment-planet; and profit-economy (Elkington, 1998).

Corporate governance and intellectual capital are indicated as variables that can affect the sustainability of the company (Hashim et al., 2015; Akhtar et al., 2015). GCG is needed to maintain the survival of the company through management based on the principles of transparency, accountability, responsibility, independence and justice (Cadbury Committee, 1992). The Islamic Financial Development Index (IFDI) is an index to measure the development of the Islamic financial industry, which is also a barometer of the health level of the global Islamic finance industry. IFDI measures five criteria for a country's Islamic finance, one of which is governance. Because basically governance is an inseparable part of company development, especially for Islamic banking. (Siswanti et al., 2017). IFDI also makes knowledge an important indicator in assessing the health of the Islamic financial industry. Knowledge is an input factor needed to achieve depth and efficiency in the Islamic finance industry and provides a foundation on which a quality workforce can spur economic growth (IFDI, 2020).

An issue that is no less important to research is Islamic Philanthropy which we know as Zakat, Infaq, Shadaqah (ZIS). According to Alam (2010), ZIS has strong potential for sustainable community development. Based on sharia itself, the Islamic economic system must be based strictly on principles, one of which is the payment of zakat. Zakat is very important because it has several positive impacts on macroeconomic variables in society. The importance of zakat, especially for the Muslim community can be considered comparable and complementary to the existing social security systems in many developed countries (Wahab, 2018). AAOIFI has also issued FAS 9 (Financial Accounting Standards No. 9) where the objective is to standardize the recognition, measurement and disclosure of Zakat in financial reporting (Sarea, 2013).

So that the Islamic financial system, especially Islamic banking, can achieve a sustainable business, it cannot be separated from financial performance. Islamic banks need an analytical tool to assess performance from the point of view of Islamic values that are applied in Islamic banking operations. However, until now the measurement of the performance of Islamic banks is usually carried out using conventional bank measurement tools, among these measuring tools are the FRA (Financial Ratio Analysis) method, the EVA (Economic Value Added) method, CAMELS analysis (Capital, Assets, Management, Equity, Liability, Sensitivity), the DEA (Data Envelope Analysis) method, and so on (Antonio et al, 2012). Whereas the measurement of Islamic banking performance using conventional methods will show inappropriate and maximum results.

Kuppusamy et.al (2010) formulated a measuring tool or framework that has been adapted to the concepts and practices of Islamic banking using the Sharia Conformity and Profitability (SCnP) method. SCnP is a performance measurement tool for Islamic banking that shows the compliance side of sharia,

but does not ignore the profitability side, this is because Islamic banks are also business institutions, one of which is to make a profit (Kuppusamy et al, 2010).

Islamic banking is very closely related to Islamic values. Islam also upholds ethical values in doing business. Ethical rules in doing business can be found in the following paragraph, one of which emphasizes ethical rules on how to work and try to get property, namely through QS An-Nisa paragraph 29. The above statement is in line with the thoughts of Haniffa & Hudaib (2007) that Islamic Bank (IB) considered to have an ethical identity, because the foundation of its business philosophy is very close to religion. Commitment to society, clarity in mission and vision as well as the role and statement of the Sharia Supervisory Board (SSB) are limited reporting areas. An immediate effort is needed to develop ethical identity disclosure requirements for Islamic banks. Islamic Ethical Identity makes a set of identities in the form of symbols, philosophy and branding for the Islamic finance industry, especially Islamic banking, which reflects Islamic values in running a business or business so as to produce special characteristics that differentiate it from other organizations or companies. Haniffa & Hudaib (2007) also compiled a measure of ethical identity disclosure in the form of an Ethical Identity Index (EII) of Islamic banking which is ideally communicated in an annual report.

This is reinforced by the opinion of Hassan & Rashid (2013) that the ethical activities of financial institutions are very important for a transparent and globally sustainable social value chain. Thus, Islamic banking is required to be a going concern and sustainability with all its performance, especially values and sharia compliant. And most importantly, Islamic banking as a business entity must not only carry out its responsibility towards stakeholders but also its tawhid responsibility as khalifatullah fil 'ardli who is responsible for protecting the entire surface of the earth from damage as described in the Al-Qur'an Surah Al -Baqarah: 30-33.

In this study the authors will examine the effect of disclosure of Islamic Intellectual Capital, Islamic Ethical Identity, zakat on sustainable business as outlined in the 2015-2019 annual report with the Islamic banking analysis unit in the ASEAN region, GCC and MESA based on the top 3 ranking conducted by IFSB in the Islamic Financial Service Industry Stability Report 2020.

II. THEORETICAL BACKGROUND

Stakeholder Theory

Stakeholders control important economic resources for the company, so the company will react in ways that satisfy stakeholder desires. Companies also usually prioritize one particular stakeholder. the organization will select stakeholders that are considered important, and take actions that can produce a harmonious relationship between the company and its stakeholders (Ullman, 1985).

Sharia Enterprise Theory

Triyuwono (2009) stated that in sharia enterprise theory, what is meant by stakeholders is three groups. First, God is the purpose of human life. The second is humans who are divided into direct stakeholders and indirect stakeholders. Direct is the party that directly contributes to the company, both in financial and non-financial terms. Indirect is a party that does not contribute to the company but in sharia, is the party entitled to the welfare of the company, for example the poor and the poor. third group of stakeholders, namely nature. So, in principle, sharia enterprise theory is a concept of responsibility primarily to God which is then continued to humans and nature.

Islamic Intellectual Capital

Ulum (2013) reconstructed the Islamic Intellectual Capital (IIC) performance appraisal model for Islamic banking, namely the Islamic Banking Value Added Intellectual Coefficient (iB-VAIC). The performance appraisal model also has three components, among others; the first is physical capital in variables denoted by (iB-VACA) - Islamic Banking Value Added Capital Employed, the second is human capital in variables denoted by (iB-VAHU) - Islamic Banking Value Added Human Capital, and the third is structural capital in variable denoted by (iB-STVA) - Islamic Banking Structural Capital Value Added. The IC performance measurement model for Islamic banking (iB-VAIC) is important to formulate for reasons:

First, the banking industry is one of 4 industries which are the IC intensive industry sector (Firer & Williams, 2003; 353). In addition, from the intellectual aspect, employees in the banking sector are

more homogeneous compared to other economic sectors (Kubo and Saka, 2002; 265). Second, the results of research in various countries (including in Indonesia) show that IC has a role in driving firm's value. IC has a positive effect on a company's financial performance - which is a short-term measure both at present and in the future. The results of several previous studies reveal that intellectual capital has a positive & significant effect on the company's future financial performance, such as research conducted by Rahma (2018); Ulum, Ghazali, Chairi (2008); Nawaz & Haniffa (2016); Ramadhan, Abdurahim & Sofyani (2018), considering that the company's financial performance is very influential on sustainability where one of the aspects of sustainability is the sustainability of profit. Then there is research conducted by (Siswanti et al., 2017) which shows that Islamic intellectual capital has a significant impact on sustainable financial & business performance. This is reinforced by the opinion of Pulic (1998) which states that the main objective in a knowledge-based economy is to create a VA. To be able to create a VA requires appropriate measures of physical capital and intellectual potential. Sofyani (2018), considering that the company's financial performance is very influential on sustainability, where one of the aspects of sustainability is the sustainability of profits. Then there is research conducted by (Siswanti et al., 2017) which shows that Islamic intellectual capital has a significant impact on sustainable financial & business performance. This is reinforced by the opinion of Pulic (1998) which states that the main objective in a knowledge-based economy is to create a VA. To be able to create a VA requires appropriate measures of physical capital and intellectual potential. Sofyani (2018), considering that the company's financial performance is very influential on sustainability, where one of the aspects of sustainability is the sustainability of profit. Then there is research conducted by (Siswanti et al., 2017) which shows that Islamic intellectual capital has a significant impact on sustainable financial & business performance. This is reinforced by the opinion of Pulic (1998) which states that the main objective in a knowledge-based economy is to create a VA. To be able to create a VA requires appropriate measures of physical capital and intellectual potential. sustainable business. This is reinforced by the opinion of Pulic (1998) which states that the main objective in a knowledge-based economy is to create a VA. To be able to create a VA requires appropriate measures of physical capital and intellectual potential. sustainable business. This is reinforced by the opinion of Pulic (1998) which states that the main objective in a knowledge-based economy is to create a VA. To be able to create a VA requires appropriate measures of physical capital and intellectual potential.

Islamic Corporate Governance

Choudhury and Hoque (2004: 59) view that the objective function of corporate governance in Islam is to define and achieve objective criteria through our understanding of the relationship between critical variables supported by policies, programs and strategic coalitions. Clear and precise objective criteria can define these policies, programs and strategies through institutional consensus and implementation of appropriate instruments as required by the company. This objective function places maqasid sharia as the ultimate goal of corporate governance.

Based on several studies related to ICG, two models can be clarified, namely, first, which tries to present a model of corporate governance that is different from conventional corporate governance models that have been developed previously. Second, the ICG model is modified from the stakeholder model (Hasan Z., 2009). The first model was developed by Choudhury & Hoque (2006) based on the principle of shura / deliberation where all stakeholders have the same goal, namely tauhid and the oneness of Allah. The second model is modified from the stakeholder model developed by Iqbal & Mirakhor (2004) and Chapra & Ahmed (2002).

ICG's approach is based on the epistemological model of tawhid (tawhid as the episteme) in which the function of company rules works through sharia rules. the principle of tawhid comes from the concept of caliph, trust, justice or balance. There are two institutions that have an important role in ICG, namely the sharia board and shura board, which serve to ensure that company activities are in line with sharia principles. Iqbal & Mirakhor (2004) where they see that the corporate governance model in an Islamic economy is a stakeholder-centered model in which the governance style and corporate structure protect the interests and rights of stakeholders. They argue on the basic concepts of Islamic law, namely the concept of ownership and covenant commitment in Islam which regulates the behavior of individuals, society and the state. The concept of ownership in Islam has been comprehensively regulated to identify, recognize, respect and protect the rights and interests of individuals, communities,

states and companies. Islam regulates that absolute ownership belongs only to Allah SWT, while for humans the property that is owned is only a deposit and a mandate that must be managed in accordance with sharia rules.

The concept of contract in Islam is also quite unique. In the Al Quran surah Al Maidah, father 1 Allah reminds Muslims to fulfill their contracts according to their respective obligations. In short, the concept of a contract in Islam is to guarantee the fulfillment of the rights and obligations of each party (Iqbal & Mirakhor, 2004). Thus, the stakeholder-oriented ICG model refers to two main concepts, namely the concept of ownership and the concept of contract. Research by Siswanti et al (2017); Sari and Marsono (2013); Janggu et al (2014) and Ahmad (2015) stated that corporate governance has a positive and significant impact on the sustainability business.

Islamic Ethical Identity

Haniffa & Hudaib (2007) in their research formulated the concept of disclosure that represents sharia-based corporate identity. The company's ethical identity is based on Islamic philosophy and values, interest-free and Islamically accepted activities, aimed at development, social and environmental. Haniffa & Hudaib (2007) explain that the dimensions of ethical identity in sharia companies are formed based on an ethical approach and sharia principles called the ethical identity index (EII). This index is then used as the basis for determining the ideal level of corporate identity disclosure in this context, namely Islamic banking.

Haniffa & Hudaib (2007) stated that Islamic Bank (IB) is considered to have an ethical identity, because the foundation of its business philosophy is closely related to religion. Hassan & Rashid (2013) also argue that the ethical operation of financial institutions is essential for a transparent and globally sustainable social value chain. Berrone (2007) shows that disclosure of corporate ethical identity has an effect on financial performance mediated by stakeholder satisfaction. concluded that ethical actions taken by the company will have a positive effect on stakeholder satisfaction and increase competitive advantage so that the company can achieve maximum performance.

Sharia Conformity and Profitability (SCnP)

Measurement with the SCnP Model is intended in addition to measuring the willingness of a bank, but not ignoring the conventional side, this is because Islamic banks are also business institutions, one of which is established to gain profits (Kuppusamy et al, 2010). The performance measurement model formulated by Kuppusamy et al. (2010) measures the performance of Islamic banking through two approaches (variables), namely the sharia conformity variable and the profitability variable.

Profitability is a ratio that measures a company's ability to generate profitability at a certain level of sales, assets and share capital. This ratio consists of 3 (three) ratios, namely profit margin, return on assets (ROA), and return on equity (ROE). In the SCnP model, the sharia variable is measured by calculating the average value of the sharia conformity ratio, while the conventional variable is measured by calculating the average profitability ratio. Sharia suitability variables are measured by three ratios, namely the Islamic investment ratio, the Islamic income ratio, and the profit-sharing ratio. Meanwhile, from a conventional point of view, it is also measured by three ratios, namely ROA, ROE, and PM. Each of the sharia compliance ratios and profitability ratios will be averaged and the result will be a four-quadrant graph where each quadrant is separated by the average ratio of all banks (Kuppusamy et al, 2010).

Zakat

Zakat literally means growing and developing (Qardhawi, 2000). The main purpose of zakat is to achieve socio-economic justice. With regard to the economic dimension of zakat, it aims to achieve beneficial effects on several dimensions such as aggregate consumption, savings and investment, the aggregate supply of labor and capital, poverty alleviation and economic growth (Wahab, 2018). According to Alam (2010) ZIS has strong potential for sustainable community development. The establishment of the International Islamic Charity Foundation is an effort to support issues related to Islamic philanthropy which then have implications for various aspects of the reform agenda for the Muslim community: economic growth, social harmony, social service reform and sustainable community development. In line with the opinion of Aydin (2015) that the instruments of Zakat, shadaqah, and qard hasan can support social business for sustainable development in addition to several instruments found in Islamic banking. Islamic banks as financial institutions must also play an active

role in social activities, namely collecting zakat funds from customers and paying zakat on commercial transactions. This activity is an active role of Islamic banks in supporting community social activities. The active role of Islamic banks in collecting social funds will indirectly support the growth of Islamic bank assets as well (Anam, 2017). Islamic banks as financial institutions must also play an active role in social activities, namely collecting zakat funds from customers and paying zakat on commercial transactions. This activity is an active role of Islamic banks in supporting community social activities. The active role of Islamic banks in collecting social funds will indirectly support the growth of Islamic bank assets as well (Anam, 2017). Islamic banks as financial institutions must also play an active role in social activities, namely collecting zakat funds from customers and paying zakat on commercial transactions. This activity is an active role of Islamic banks in supporting community social activities. The active role of Islamic banks in collecting social funds will indirectly support the growth of Islamic bank assets as well (Anam, 2017).

Sustainability in Islamic Perspective

TBL was first introduced by Elkington in 1994. In his book, *Cannibals with Forks*, Elkington describes TBL as economic prosperity, environmental quality, and social justice. The essence of sustainability is to measure the impact of organizational activities in the world including profitability and shareholder value as well as social, human and environmental capital (Akisik and Gal, 2011; Slaper and Hall, 2011). In September 2004, ISO (International Organization for Standardization), as the parent organization for international standardization, invited various parties and formed a team in charge of establishing guidelines and standardization for social responsibility which was named ISO 26000: Guidance Standard on Social Responsibility. ISO in social responsibility lies in the general understanding that SR is very important for the continuation of an organization. This understanding was reflected in two sessions, namely the 1992 "Rio Earth Summit on the Environment" and the 2002 "World Summit on Sustainable Development (WSSD)" held in South Africa. In essence, there are serious implications for sustainable development as well as corporate social responsibility (Hassan & Cachi, 2005). Islam highly upholds the social business model with pillars including, business is not to maximize profits, must be financially and economically sustainable, business must be environmentally friendly, profits will be invested for expansion, investors do not receive dividends, pay zakat and avoid usury (Yunus, 2014). This understanding was reflected in two sessions, namely the 1992 "Rio Earth Summit on the Environment" and the 2002 "World Summit on Sustainable Development (WSSD)" held in South Africa. In essence, there are serious implications for sustainable development as well as corporate social responsibility (Hassan & Cachi, 2005). Islam highly upholds the social business model with pillars including, business is not to maximize profits, must be financially and economically sustainable, business must be environmentally friendly, profits will be invested for expansion, investors do not receive dividends, pay zakat and avoid usury (Yunus, 2014). This understanding was reflected in two sessions, namely the 1992 "Rio Earth Summit on the Environment" and the 2002 "World Summit on Sustainable Development (WSSD)" held in South Africa. In essence, there are serious implications for sustainable development as well as corporate social responsibility (Hassan & Cachi, 2005).

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III. RESEARCH METHOD

Population, Sample & Data Sources

The criteria for determining the population of this study are Islamic banks that publish annual reports and financial reports consistently for the 2015-2019 period. The sample in this study used purposive sampling & convenience sampling method because data and information considerations can be obtained quickly & efficiently. The number of samples used for this study were 5 banks, namely Bank BRI Syariah, Bank Syariah Mandiri, Bank BNI Syariah, Dubai Islamic Bank, Al-Arafah Bank where the positions of these banks are in the ASEN, GCC & MESA regions. The data used in this study is secondary data using content analysis data collection techniques. Based on the relationship between the variables used in the research formulation and the problem, this study uses multiple linear regression analysis.

Hypothesis

The hypothesis proposed by this study are:

Ha1: Islamic Corporate Governance has a partial effect on sustainable business

H01: Islamic Corporate Governance has a partial effect on sustainable business

Ha2: Islamic Intellectual Capital has a partial effect on sustainable business

H02: Islamic Intellectual Capital does not have a partial effect on sustainable business

Ha3: Zakat has a partial effect on sustainable business

H03: Zakat has no partial effect on sustainable business

Ha4: Financial performance has a partial effect on sustainable business

H04: Financial performance does not partially affect sustainable business

H05: Islamic Ethical Identity has a partial effect on sustainable business

H05: Islamic Ethical Identity has no partial effect on sustainable business

Operationalization of Variables

Islamic Corporate Governance

Measurement of the ICG variable in this study used 42 indicators in the 2011 National Committee's National Health Committee GGBS General Guidelines which were then continued to calculate the total ICG disclosure formula:

$$ICG = \frac{\text{Number of items disclosed}}{\text{Maximum number of scores}}$$

Islamic Intellectual Capital

Calculation of Islamic Banking Value Added (iB-VA), specified for total income. Net income from sharia activities is the main operating income for sharia activities plus other operating income then deducted by the third right to profit sharing and temporary syirkah funds. IB-VAICTM indicates the intellectual ability of an organization which can also be considered as a BPI (Business Performance Indicator). iB-VAICTM is the sum of the three components, namely iB-VACA, iB-VAHU, and iBSTVA (Ulum, 2013).

Islamic Ethical Identity

Dimensions and indicators for ethical identity index formulated by Haniffa & Hudaib (2007) include disclosure of the Vision and Mission Statement of Sharia Banks, Board of Directors and Top Management, Board of Directors and Top Management, Zakat and Virtue Fund, Commitment to employees, Commitment to debtors, Commitment to consumers, Sharia Supervisory Board (DPS).

Sharia Comformity & Profitability

Kuppusamy et al (2010) formulated the financial performance of the SCnP model consisting of 2 variables, namely Sharia Comformity which includes:

1. Islamic Investment (R1) = Islamic Investment / Islamic Investment + non-Islamic Investment
2. Islamic income (R2) = Islamic income / Islamic income + non-Islamic income
3. Profit-Sharing (R3) = Mudharabah + Musharakah / Total Financing

and the Profitability variable which includes =

1. ROA (R1) = Net Income / Total Assets
2. ROE (R2) = Net Income / Shareholder's Equity
3. NPM (R3) = Net Income / Total Operating Revenue

Then calculate the average of each variable, with the following formula:

$$\bar{X}_{SC} = \frac{R1 + R2 + R3}{3}$$

Dan

$$\bar{X}_P = \frac{R1 + R2 + R3}{3}$$

Zakat

Islamic banking performance must be based on zakat paid by banks as a substitute for conventional performance indicators, namely earnings per share (EPS). The wealth of an Islamic bank is more emphasized on net worth (net assets) than on net profit which is more emphasized on conventional banking. The implication is that if the net worth is higher, it will pay higher zakat. Then the formula for identifying the level of the ratio of zakat paid or distributed is as follows:

$$\text{ZPR formula} = \frac{\text{Total Zakat}}{\text{Net Asset}}$$

Sustainable Business

Elkington (1997) provides the view that companies that want to be sustainable must pay attention to the "3Ps" (profit, people and planet). One of the implementations in the "3P" concept is CSR. ISO 26000 has also revealed that SR is very important for the continuity of an organization. So in this study the authors use the Islamic Corporate Social Responsibility (ICSR) indicator formulated by Haniffa (2002) to measure sustainable business in Islamic banking. then proceed to calculate the total disclosure of the ICG formula:

$$\text{ICG} = \frac{\text{Number of items disclosed}}{\text{Maximum number of scores}}$$

IV. RESULTS AND DISCUSSION

Determination of Test Results

The result of the calculation of the value of R square is a calculation of the influence of the independent variable on the dependent variable. The greater the R-square number, the greater the independent variable can explain the dependent variable, so the better the structural equation. In this study, the value of R square is a calculation of the influence of Islamic Corporate Governance, Islamic Intellectual Capital, Zakat, SCnP and Islamic Ethical Identity on Sustainable Business (ICSR). The following shows the results of the R square test

Table 1.
Determination of Test Results

Matrix	R2
Y (ICSR)	0.914

Source: Author (2020)

If the value is getting closer to 1, the independent variables provide almost all the information needed to predict the variation in the dependent variable (Ghozali, 2018). So, it can be concluded in this study that the independent variables of Islamic Corporate Governance, Islamic Intellectual Capital, Zakat, Financial Performance (SCnP Model) and Islamic Ethical Identity can explain the dependent variable Sustainable Business (ICSR).

T test result (partial)

In accordance with the hypothesis proposed in this study, the following results from the t test (partial) are in Table 2. The t statistical test is used to determine the effect of each independent variable partially on the dependent variable. Ghozali (2013) basically shows how far the influence of one independent variable on the dependent variable by assuming the other variables are constant. With a

significance level of 5%, the criteria for testing or the basis for decision making are as follows (Ghozali, 2018):

1. If the significance value of $t < 0.05$, it means that the independent variable partially affects the dependent variable.
2. If the significance value of $t > 0.05$, it means that the independent variable partially has no effect on the dependent variable.

Table 2.
t-test results (partial)

Between variables	Coefficient Path	t-statistic	P-value
X1-> Y	0.474	4,978	0.00
X2-> Y	-0.548	2,214	0.027
X3-> Y	0.063	0.276	0.790
X4-> Y	-0.105	0.506	0.613
X5-> Y	0.073	0.355	0.723

Source: Author (2020)

Table 2 concludes that only X1 and X2 have a partial effect on Y. while X3, X4, X5 have no effect on Y. This is because the P-values of X1 & X2 are below 0.05, while the values of X3, X4, X5 are above 0.05.

The influence of Islamic Corporate Governance on sustainable business

The results of the analysis in table 2 show that the P value from X1 (ICG) to Y (ICSR) is 0.00. So, it can be concluded that Islamic Corporate Governance has an effect on sustainable business. This finding is in line with the results of research from Hashim et al., (2015) & Akhtar et al., (2015), Sari and Marsono (2013); Janggu et al. (2014) and Ahmad (2015) who reveal that Islamic Corporate Governance has an effect on Sustainable Business. Then these findings are also in line with the Islamic Financial Development Index (IFDI) which makes corporate governance an important indicator for assessing the health of an Islamic Financial Institution because basically governance is an integral part of company development.

The influence of Islamic Intellectual Capital on sustainable business

The results of the analysis in table 2 show that the P value from X2 (IIC) to Y (ICSR) is 0.027 so it can be concluded that Islamic Intellectual Capital has an effect on sustainable business. This finding is in line with the results of research from Hashim et al., (2015), Akhtar et al., (2015) & Siswanti et al (2017). Then these findings are also in line with the Islamic Financial Development Index (IFDI) which also makes knowledge wrong. an important indicator in assessing the health of the Islamic finance industry. Where knowledge is included in the components of intellectual capital. Knowledge is an input factor needed to achieve depth and efficiency in the Islamic finance industry and provides a foundation on which a quality workforce can spur economic growth (IFDI, 2020). So far, the measurement of Islamic banking performance using conventional methods shows unsatisfactory results and shows the impression that the performance of Islamic banking is still far behind compared to conventional banks. This is also proven by many other studies that show similar results, some of which are research conducted by Mutia & Musrifah (2017), Majid, et.al (2013), and Erol et.al (2014). Prasetyowati & Handoko (2016); Ratnaputri (2013); Apriliya & Maslichah (2019). some of which are research conducted by Mutia & Musrifah (2017), Majid, et.al (2013), and Erol et.al (2014). Prasetyowati & Handoko (2016); Ratnaputri (2013); Apriliya & Maslichah (2019). some of them are research conducted by Mutia & Musrifah (2017), Majid, et.al (2013), and Erol et.al (2014). Prasetyowati & Handoko (2016); Ratnaputri (2013); Apriliya & Maslichah (2019).

The influence of zakat on Sustainable Business

The results of the analysis in table 2 show that the P value from X3 (Zakat) to Y (ICSR) is 0.79. So, it can be concluded that Islamic Corporate Governance has a significant effect on sustainable business. This is not in line with Nature's research (2010) which reveals that ZIS has strong potential for sustainable community development. Then it is not in line with Aydin (2015) research that the instruments of Zakat, shadaqah, and qard hasan can support social business for sustainable development.

The Effect of Financial Performance (SCnP) on sustainable business

The results of the analysis in table 2 show that the P value from X4 (SCnP) to Y (ICSR) is 0.613. It can be concluded that financial performance (SCnP) has no effect on sustainable business. So far there has been no research that has revealed a study on the impact of financial performance (SCnP) on sustainable business. Existing research only focuses on measuring the performance of Islamic banking using the SCnP Model formulated by Kuppusamy et al (2010) such as research conducted by Prasetyowati & Handoko (2016); Ratnaputri (2013); Apriliya & Maslichah (2019). So far, the measurement of Islamic banking performance using conventional methods shows unsatisfactory results and shows the impression that the performance of Islamic banking is still far behind compared to conventional banks.

However, there are the results of Widhiani's research (2018) which show that measuring the performance of Islamic banks with the Shariah Conformity and Profitability approach has a positive impact on stakeholder trust, which is measured by indicators of growth in Third Party Funds (TPF), financing growth and asset growth. This finding implies that Islamic banks with a variety of stakeholders are required to be able to meet the expectations of stakeholders which is in line with the main theory that is the basis of this research, namely stakeholder theory & sharia enterprise theory.

The Effect of Islamic Ethical Identity on Sustainable Business

The results of the analysis in table 2 show that the P value from X4 (SCnP) to Y (ICSR) is 0.723. It can be concluded that Islamic Ethical Identity has no influence on sustainable business. This is not in line with Hassan & Rashid (2013) who argue that the ethical operation of financial institutions is very important for a transparent and globally sustainable social value chain. This study is also not in line with Berrone (2007) which shows the results that disclosure of corporate ethical identity has an effect on financial performance mediated by stakeholder satisfaction. Ethical actions taken by the company will have a positive effect on stakeholder satisfaction and increase competitive advantage so that the company can achieve maximum performance.

V. CONCLUSION

Theoretically Islamic Corporate Governance, Islamic Intellectual Capital, Zakat, Financial Performance (SCnP), and Islamic Ethical Identity have a role in Sustainable Business. However, the results obtained in this study are only Islamic Corporate Governance & Islamic Intellectual Capital that have an effect on Sustainable Business. Research that focuses on discussions related to sustainable business is still rare. Even though this aspect is very important and is still an economic problem today. Research that focuses on combining non-financial aspects & behavior towards sustainable business is also new. Therefore, there are still many limitations in this study, including *preliminary research*. The benefits that can be drawn from this research are that it can be used as input for Islamic entities, especially Islamic banks in developing financial and non-financial performance standards and standards for preparing future sustainability reporting.

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