



The Effect of Intellectual Capital and Sharia Supervisory Board Characteristics on Maqashid Sharia Performance: Evidence from Indonesian Islamic Commercial Banks During 2017-2024

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Article Info	Abstract
Article history: Received March 10, 2026 Revised April 13, 2026 Accepted June 27, 2026 Available online August 15, 2026 *Corresponding author email: azizahl767@gmail.com Keywords: Intellectual Capital, Islamic Commercial Banks, Maqashid Syariah Performance, Sharia Governance, Sharia Supervisory Board.	Introduction/Main Objectives: This study examines the effects of Intellectual Capital and Sharia Supervisory Board characteristics on maqashid sharia-based performance of Islamic Commercial Banks in Indonesia. Research Methods: Secondary data from 18 Islamic Commercial Banks registered with OJK during 2017–2024 were analyzed using panel data regression with EViews 10. Finding/Results: Intellectual Capital and Sharia Supervisory Board characteristics, including size, education level, and educational background, had no significant effect on maqashid sharia-based performance. ROA and CAR also had no effect, while DER had a negative effect and DAR had a significant positive effect. Conclusion: Maqashid sharia-based performance is not significantly determined by Intellectual Capital or Sharia Supervisory Board characteristics, but is influenced by selected capital structure indicators.
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INTRODUCTION

The development of Islamic banking in Indonesia has grown significantly alongside increasing public awareness of the implementation of Islamic economic principles. The establishment of Islamic banks is intended not only to provide financial services free from *riba* (interest), *gharar* (uncertainty), and *maysir* (gambling), but also to realize the objectives of *Sharia* (*maqashid sharia*) in their operations. To date, the performance of Islamic banks has generally been measured using conventional financial indicators that focus primarily on profitability and efficiency. However, as institutions founded on Islamic principles, Islamic banks should be evaluated against broader *Sharia* objectives, including justice, public welfare, education, and social well-being. Therefore, measuring performance based on *maqashid sharia* is essential to ensure that Islamic banking operations generate not only economic benefits but also social and spiritual value.

Maqashid sharia represent the fundamental objectives of Islamic law, which aim to preserve religion, life, intellect, lineage, and wealth. In the context of Islamic banking, *maqashid sharia*-based performance measurement provides a more comprehensive assessment of a bank's success in fulfilling both its economic and social functions. Nevertheless, the implementation of *maqashid sharia* within Islamic banking continues to face various challenges. Several studies have reported that the achievement of *maqashid sharia* performance among Islamic banks remains suboptimal. Conversely, other studies have found improvements in specific dimensions, such as education and social welfare. These inconsistent findings suggest the need for further investigation into the factors influencing *maqashid sharia*-based performance in Islamic banking.

One factor that is expected to influence *maqashid sharia* performance is intellectual capital (IC). According to the Resource-Based View (RBV) theory, intellectual capital is a strategic resource capable of creating value and generating a competitive advantage for organizations. Intellectual capital comprises human, structural, and relational capital, all of which contribute to organizational effectiveness. Previous studies have demonstrated that intellectual capital can improve both corporate performance and Islamic banking performance. However, other studies have reported that intellectual capital has either no effect or even a negative effect on organizational performance. These inconsistent findings indicate empirical discrepancies that warrant further examination.

In addition to intellectual capital, *Sharia* governance is considered an important factor in achieving *maqashid sharia* objectives. The *Sharia* Supervisory Board (SSB) plays a strategic role in ensuring that all banking activities comply with Islamic principles. Characteristics of the SSB, including board size, educational level, and educational background, are believed to influence the effectiveness of *Sharia* supervision. Several studies suggest that a larger and more diverse SSB can enhance the performance of Islamic banks. Likewise, the educational level and background of SSB members have been found to affect supervisory quality and bank performance positively. Nevertheless, other studies have reported that SSB characteristics have

either no effect or a negative effect on maqashid sharia performance. These contradictory findings indicate a research gap that warrants further investigation.

This study extends previous research examining the influence of SSB characteristics on the performance of Islamic banks. Unlike prior studies that predominantly employed conventional financial performance measures, this research utilizes the Maqashid-Based Performance Evaluation Model (MPEM) to provide a more comprehensive assessment of Islamic banking performance. The application of MPEM is expected to capture the extent to which Islamic banks achieve maqashid sharia objectives through their operational activities. Furthermore, this study integrates intellectual capital and SSB characteristics as determinants of maqashid sharia performance while incorporating Return on Assets (ROA) as a control variable.

This research is important because it contributes both theoretically and practically. From a theoretical perspective, it enriches the literature on maqashid sharia-based performance measurement and its determinants in Islamic banking. From a practical perspective, the findings may serve as an evaluation tool for Islamic bank management to optimize intellectual capital and strengthen Sharia governance through the Sharia Supervisory Board. In addition, the results may provide useful insights for regulators in formulating policies to enhance maqashid-oriented sharia performance in Islamic banking institutions. Based on the foregoing discussion, this study aims to examine the effects of intellectual capital, Sharia Supervisory Board size, Sharia Supervisory Board educational level, and Sharia Supervisory Board educational background on maqashid sharia-based performance among Islamic Commercial Banks registered with the Financial Services Authority (OJK) during the 2017–2024 period. The study also incorporates Return on Assets (ROA), Capital Adequacy Ratio (CAR), Debt-to-Equity Ratio (DER), and Debt-to-Assets Ratio (DAR) as control variables.

METHOD

This study employs a quantitative approach to examine the effects of intellectual capital and Sharia Supervisory Board (SSB) characteristics on maqashid sharia-based performance in Islamic banking. The research sample comprises Islamic Commercial Banks (ICBs) registered with the Financial Services Authority (OJK) during the 2017–2024 period. The study uses secondary data from annual reports and financial statements published on each bank's official website. The sample was selected using a purposive sampling technique based on the following criteria: Islamic Commercial Banks registered with OJK, banks that consistently published annual reports, and banks that provided the required data throughout the observation period. Based on these criteria, a total of 108 bank-year observations were obtained.

The dependent variable in this study is Maqashid sharia-based performance, measured using the Maqashid-Based Performance Evaluation Model (MPEM) developed by Mohammed et al. (2015). The measurement is based on five dimensions of maqashid sharia, namely the preservation of religion (*al-din*), life (*al-nafs*), intellect (*al-aql*), lineage (*al-nasl*), and wealth (*al-*

mal), which are represented by fifteen performance ratios. The final Maqashid Sharia Index (MSI) score is calculated using the Simple Additive Weighting (SAW) method, with weights assigned to each dimension, element, and performance ratio.

The independent variables consist of intellectual capital, SSB size, SSB educational level, and SSB educational background. Intellectual capital is measured using the Islamic Banking Value Added Intellectual Coefficient (iB-VAIC) model developed by Ulum (2013), which is calculated as the sum of iB-VACA (Value Added Capital Employed), iB-VAHU (Value Added Human Capital), and iB-STVA (Structural Capital Value Added). The number of SSB members measures SSB size at the end of each year. SSB educational level is measured by the proportion of SSB members holding doctoral degrees (Ph.D.) relative to the total number of SSB members. SSB's educational background is measured by the proportion of SSB members with educational qualifications in Islamic banking or Islamic finance relative to the total number of SSB members.

This study also incorporates control variables, including Return on Assets (ROA), Capital Adequacy Ratio (CAR), Debt-to-Equity Ratio (DER), and Debt-to-Assets Ratio (DAR). ROA is calculated as net income divided by total assets; CAR is measured as total capital divided by risk-weighted assets; DER is calculated as total liabilities divided by total equity; and DAR is calculated as total liabilities divided by total assets. The research procedure involves collecting annual reports and financial statements, calculating all research variables using the specified formulas, constructing a panel dataset, and processing the data in E-Views. Data analysis is conducted using panel data regression to examine the effects of intellectual capital and SSB characteristics on maqashid sharia performance while controlling for the selected financial variables.

RESULT AND DISCUSSION

Descriptive Statistics

The study employs 108 observations of Islamic Commercial Banks during the 2017–2024 period. The average Maqashid Sharia Index (MSI) score of 0.7335 indicates that the achievement of maqashid sharia objectives among Islamic banks in Indonesia is generally satisfactory. However, considerable variation exists across banks, reflecting differences in their ability to fulfill Sharia objectives. Intellectual capital records an average value of 2.0247, which falls within the *good performers* category, suggesting that Islamic banks have generally been able to utilize their intellectual resources to create organizational value.

The average size of the Sharia Supervisory Board (SSB) indicates that most banks have two SSB members, in accordance with regulatory requirements. This finding suggests that the Sharia governance structure among Islamic Commercial Banks is relatively homogeneous, resulting in limited variation in SSB size across banks. Furthermore, the average proportion of SSB members holding doctoral degrees is 56.47%, indicating that a substantial proportion of SSB members possess advanced academic qualifications. However, the average proportion of SSB members with educational backgrounds in Islamic banking or Islamic finance is only 42.29%,

suggesting that many SSB members originate from other academic disciplines. This condition implies that the expertise of SSB members in Indonesian Islamic banking remains predominantly rooted in general Islamic studies. In contrast, competencies specifically related to Islamic banking and Islamic finance are not yet evenly distributed across all Islamic banks.

Panel Regression Results

Table 1. Random Effect Model Test Result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.940844	0.481671	1.953290	0.0536
IC	-0.053482	0.029189	-1.832253	0.0699
UDPS	0.016410	0.135620	0.121000	0.9039
TPDPS	-0.194973	0.313887	-0.621156	0.5359
LBDPS	-0.423029	0.381835	-1.107885	0.2706
ROA	2.600735	2.615691	0.994282	0.3225
CAR	-0.330595	0.222209	-1.487766	0.1400
DER	-0.373204	0.135312	-2.758105	0.0069
DAR	3.988675	1.086797	3.670119	0.0004

Source: Eviews Data Processing 10, 2026

Based on the model selection tests, the Random Effects Model (REM) was identified as the most appropriate model for this study. The regression results indicate that intellectual capital, Sharia Supervisory Board (SSB) size, SSB educational level, SSB educational background, Return on Assets (ROA), and Capital Adequacy Ratio (CAR) do not have a significant effect on maqashid sharia-based performance. In contrast, the Debt-to-Equity Ratio (DER) has a significant negative effect, while the Debt-to-Assets Ratio (DAR) has a significant positive effect on maqashid sharia performance. These findings suggest that financial structure factors play a more dominant role in explaining the achievement of maqashid sharia objectives than intellectual capital and the formal characteristics of the Sharia Supervisory Board. The results imply that the ability of Islamic banks to manage their funding and financing structures may be more influential in achieving maqashid sharia objectives than the mere presence of intellectual resources or governance attributes.

Table 2. F-Test Results

R-squared	0.179245	Mean dependent var	0.214743
Adjusted R-squared	0.112922	S.D. dependent var	0.548940
S.E. of regression	0.519489	Sum squared resid	26.71706

F-statistic	2.702589	Durbin-Watson stat	0.991754
Prob(F-statistic)	0.009842		

Source: Eviews Data Processing 10, 2026

The F-test results indicate that the overall research model is statistically significant, with a Prob. (F-statistic) value of 0.0098. This finding suggests that the independent and control variables included in the model jointly explain variations in maqashid sharia performance. However, the relatively low adjusted R^2 value of 11.29% indicates that a substantial proportion of the variation in maqashid sharia performance remains unexplained by the variables incorporated in this study. This result implies that other factors beyond intellectual capital, Sharia Supervisory Board characteristics, profitability, capital adequacy, and leverage may also play important roles in determining the achievement of maqashid sharia objectives among Islamic Commercial Banks in Indonesia.

The Effect of Intellectual Capital on Maqashid Sharia Performance

The results indicate that intellectual capital does not have a significant effect on maqashid sharia performance. This finding suggests that improvements in intellectual capital are not directly translated into the achievement of maqashid sharia objectives. One possible explanation is that the management of intellectual capital in Islamic banks remains primarily focused on enhancing operational efficiency and competitive advantage rather than advancing the social and sharia dimensions measured by the Maqashid Sharia Index (MSI). This finding is consistent with the studies of Hoerunisa et al. (2023), Rahmawati et al. (2024), and Marhamah and Andraeny (2024), which reported that intellectual capital has not significantly contributed to improving maqashid sharia performance.

Furthermore, achieving maqashid sharia objectives requires not only the availability of high-quality intellectual resources but also a strong managerial commitment to integrating sharia values into the bank's policies and operations. Consequently, the existence of intellectual capital alone may not be sufficient to enhance maqashid sharia performance unless it is effectively utilized to support the implementation of sharia-oriented strategies and practices. These findings suggest that the effectiveness of intellectual capital utilization is more important than its mere presence in achieving maqashid sharia objectives.

The Effect of Sharia Supervisory Board Characteristics on Maqashid Sharia Performance

The results reveal that Sharia Supervisory Board (SSB) size, SSB educational level, and SSB educational background do not have a significant effect on maqashid sharia performance. These findings suggest that the formal characteristics of the SSB are insufficient to explain variations in the achievement of maqashid sharia among Islamic banks. One possible explanation is the relatively homogeneous nature of SSB characteristics among Islamic banks in Indonesia, particularly regarding board size and educational background. As a result, the limited variation in

these characteristics reduces their ability to differentiate maqashid sharia performance among banks.

In addition, the role of the SSB primarily focuses on ensuring compliance with sharia principles and providing advisory oversight, rather than participating directly in operational decision-making processes that influence the achievement of maqashid sharia objectives. Consequently, the presence of highly educated SSB members or larger supervisory boards may not necessarily translate into improved maqashid sharia performance. These findings are consistent with the studies of Alsartawi (2019), Avitarians et al. (2023), Khoerunisa et al. (2023), and Marhamah and Andraeny (2024).

The Effect of Control Variables on Maqashid Sharia Performance

The results indicate that Return on Assets (ROA) and Capital Adequacy Ratio (CAR) do not have a significant effect on maqashid sharia performance, suggesting that profitability and capital adequacy are not the sole determinants of achieving maqashid sharia objectives. This finding implies that strong financial performance alone does not necessarily guarantee the fulfillment of broader sharia objectives, such as social welfare, education, and equitable wealth distribution. In contrast, the Debt to Equity Ratio (DER) has a significant negative effect on maqashid sharia performance, indicating that a higher reliance on debt may reduce a bank's ability to achieve maqashid sharia objectives. Excessive leverage may limit financial flexibility and constrain the allocation of resources to social and developmental activities that support the achievement of maqashid sharia. On the other hand, the Debt to Assets Ratio (DAR) exhibits a significant positive effect, suggesting that a greater proportion of assets financed through external funding sources can enhance operational capacity and expand financing activities. This condition may enable Islamic banks to increase the provision of financial services and social contributions that align with the objectives of maqashid sharia. Therefore, the findings highlight the importance of effective financial structure management in supporting the achievement of maqashid sharia objectives within Islamic banking institutions.

Research Findings

Overall, the findings of this study indicate that Sharia governance factors, as represented by Sharia Supervisory Board (SSB) characteristics, and intangible resources, as measured by intellectual capital, are not the primary determinants of maqashid sharia performance among Islamic Commercial Banks in Indonesia. In contrast, the financial structure of banks, as reflected in the Debt to Equity Ratio (DER) and Debt to Assets Ratio (DAR), exerts a greater influence on the achievement of maqashid sharia objectives. These findings suggest that the implementation of maqashid sharia within Islamic banking institutions remains highly dependent on banks' ability to manage their financial resources and funding structures effectively, rather than on their governance characteristics alone.

Furthermore, the results imply that the presence of intellectual capital and formal sharia governance mechanisms may not automatically enhance maqashid sharia performance unless

they are effectively integrated into strategic and operational decision-making processes. Therefore, improving the effectiveness of the Sharia Supervisory Board's role and optimizing the utilization of intellectual capital are essential to strengthening the achievement of maqashid sharia objectives. This study contributes to the growing literature on Islamic banking performance by highlighting the importance of financial resource management in supporting the achievement of maqashid sharia, while emphasizing the need for a more effective alignment among intellectual resources, sharia governance, and organizational objectives.

CONCLUSION

This study aims to examine the effects of intellectual capital and Sharia Supervisory Board (SSB) characteristics, including SSB size, educational level, and educational background, on maqashid sharia-based performance among Islamic Commercial Banks in Indonesia during the 2017–2024 period. The findings reveal that intellectual capital and all examined SSB characteristics do not significantly influence maqashid sharia performance. Similarly, profitability and capital adequacy, represented by Return on Assets (ROA) and Capital Adequacy Ratio (CAR), are not significant determinants of maqashid sharia achievement. In contrast, the financial structure of Islamic banks plays a significant role: the Debt-to-Equity Ratio (DER) negatively affects maqashid sharia performance, whereas the Debt-to-Assets Ratio (DAR) has a positive effect.

These findings suggest that the achievement of maqashid sharia objectives is influenced not only by intellectual resources and sharia governance characteristics but also by the effectiveness of financial resource management and funding structures. This study contributes to the Islamic banking literature by providing empirical evidence on the determinants of maqashid sharia-based performance using the Maqashid-Based Performance Evaluation Model (MPPEM). Furthermore, the findings extend the application of the Resource-Based View and Agency Theory in the context of Islamic banking by demonstrating that the existence of intellectual capital and SSB characteristics alone may not be sufficient to enhance maqashid sharia performance without the effective implementation of sharia-oriented operational and financial strategies.

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