

**THE INFLUENCE OF INTELLECTUAL CAPITAL
EFFICIENCY AND SHARIAH GOVERNANCE
TOWARDS THE FINANCIAL PERFORMANCE
OF ISLAMIC FINANCIAL INSTITUTIONS
IN MALAYSIA**

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ABSTRACT

Previous studies have established how intellectual capital and its components are imperative in influencing financial performance. However, the findings of influence are still inconclusive due to its intangible nature among firms and industries in various countries. The main objective of this study is to examine the moderating effect of shariah committee (size, qualification, meeting and report) on the relationship between intellectual capital and financial performance of Islamic financial institutions in Malaysia. The model of this study was theoretically founded on both the Intellectual capital-based view theory and agency theories. To examine the developed model, the required data were gathered from the annual reports from 2007 to 2016 of 28 Islamic financial institutions. In analyzing the data, this study utilized the panel data methodology. Based on panel data results, the fixed effect model was used to examine the IC on financial performance. The statistical result shows that Intellectual capital has significant effects on financial performance especially Return on Assets and Return on Equity. Shariah committee size and meeting has significant moderating effect on association of the Intellectual Capital and Return on Assets and Return on Equity. Based on the sub-objectives, findings from the fixed effects models also revealed that some components of Intellectual Capital have significant relationship with financial performance. Furthermore, evidence also revealed that some shariah committee variables significantly moderates the relationship between IC such as structured capital and capital employed efficiency towards financial performance. In line with these findings, this study concludes that IFI's can improve their financial performance by aligning and integrating Intellectual capital capability towards the formulation of policies on Shariah committee. As some constraining factors hinder firms from effectively using their intangible assets towards maximizing financial performance especially in developing economy like Malaysia, this study suggests that managers should concentrate on investing in significant intangible assets and capability of Shariah committee (i.e., size, meeting, qualification and report) to improve Intellectual Capital and financial performances.

Keywords: intellectual capital, human capital, Structure capital, capital employed, financial Performance, shariah committee.

ABSTRAK

Kajian terdahulu telah menunjukkan bahawa modal intelektual dan komponen-komponennya adalah penting dalam mempengaruhi prestasi kewangan firma. Walau bagaimanapun, hubungan ini masih tidak dapat dipastikan kerana modal intellectual bersifat tidak ketara di kalangan firma dan industri. Objektif utama kajian ini adalah untuk mengkaji kesan penyederhanaan jawatankuasa syariah (saiz, kelayakan, mesyuarat dan laporan) mengenai hubungan antara modal intelektual dan prestasi kewangan institusi kewangan Islam di Malaysia. Model kajian ini secara teori diasaskan menurut teori asas modal intelektual dan teori agensi. Untuk mengkaji model yang dibangunkan, data diambil daripada laporan tahunan kewangan tahun 2007 hingga 2016 daripada 28 institusi kewangan Islam. Dalam menganalisis data, kajian ini menggunakan metodologi data panel. Berdasarkan hasil data panel, model kesan tetap digunakan untuk menilai modal intelektual terhadap prestasi kewangan. Hasil statistik menunjukkan bahawa modal intelektual mempunyai kesan yang signifikan terhadap prestasi kewangan terutamanya prestasi pulangan asset dan pulangan ekuiti. Saiz dan mesyuarat jawatankuasa Syariah juga mempunyai pengaruh yang sederhana terhadap komponen komponen modal intelektual terhadap pulangan asset dan pulangan ekuiti. Berdasarkan sub-objektif, penemuan dari model kesan tetap ada juga menunjukkan bahawa beberapa komponen modal intelektual mempunyai hubungan yang signifikan dengan prestasi kewangan. Tambahan pula, kajian juga membuktikan bahawa beberapa pembolehubah jawatankuasa syariah dengan ketara menyederhanakan hubungan antara modal intelektual seperti modal berstruktur dan kecekapan modal yang digunakan untuk prestasi kewangan. Selaras dengan penemuan ini, dapat dibuat kesimpulan bahawa institusi kewangan Islam dapat meningkatkan prestasi kewangan mereka dengan menyelaraskan dan mengintegrasikan keupayaan modal intelektual kearah dasar-dasar jawatankuasa Syariah. Memandangkan beberapa faktor yang menghalang firma daripada menggunakan aset tidak ketara mereka untuk memaksimumkan prestasi kewangan terutamanya dalam membangunkan ekonomi seperti Malaysia, kajian ini menunjukkan bahawa pengurus harus memberi tumpuan untuk melabur keupayaan dalam aset tidak ketara dalam tadbir urus syariah iaitu jawatankuasa Syariah (iaitu saiz, mesyuarat dan kelayakan) untuk meningkatkan modal intelektual dan prestasi kewangan firma.

Kata kunci: modal intelektual, modal insan, modal Struktur, modal kerja, prestasi kewangan, jawatankuasa syariah.

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