



# PROCEEDING

## 9<sup>th</sup> AICIF 2021 (ASEAN Universities International Conference on Islamic Finance)

*"Strengthening Islamic Economy and Halal Industry toward Economic Recovery and Sustainable Development in the Amidst Pandemic Era"*

Yogyakarta, \_\_\_\_\_  
November 17<sup>th</sup> – 19<sup>th</sup>, 2021



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on Islamic Finance (AICIF) 2021

Theme:

*“Strengthening Islamic Economy and Halal Industry toward Economic  
Recovery and Sustainable Development in the Amidst Pandemic Era”*

Yogyakarta, November 17th – 19th, 2021

FEBI UIN Sunan Kalijaga Yogyakarta  
2021

**Steering and Organizing Committee  
of 9<sup>th</sup> ASEAN University International Conference  
on Islamic Finance (AICIF) 2021**

**Theme: *“Strengthening Islamic Economy  
and Halal Industry toward Economic Recovery  
and Sustainable Development in the Amidst Pandemic Era”***

Yogyakarta, November 17th – 19th, 2021

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## Paper List and Presentation Time Schedule

Thursday, November 18th, 2021		Parallel Session 1 (01.30 - 03.30 PM)							
Time	Agenda	Room 1	Room 2	Room 3	Room 4	Room 5	Room 6	Room 7	Room 8
01.30 - 01.50 PM	Paper 1	INDONESIA - Universitas Malikussaleh Rani Puspitaningrum Aligning Sustainable Development Goals (SDGs) During Covid-19 Outbreak Through Green Sukuk Implementation	INDONESIA - Sultan Agung Islamic University Farikha Amilahaq, Provita Wijayanti, & Fadhila Luthfi Hutami Tax Policy Sentiment on Zakat Payment by Muzakki (Case Study on Muslim Entrepreneurs and Professionals)	ALGERIA - High School Teachers For Technological Education Djamel Belbekkai & Doumya Ferahta Family Resilience in Light of The Corona Pandemic	INDIA - University of Calicut Dr. Nasirudheen T An Analytical Study of Mobile Applications for Zakat Calculation (Zakat Apps)	BANGLADESH - International Islamic University Chittagong Md. Shahnur Azd Chowdhury E-Banking Transaction Risk and Security in Bangladesh in Covid-19 Situation	INDONESIA - Panca Budi University Emi Wakhayuni, Asmuni, & Rizal Agus The Effect of Job Satisfaction and Turnover Intention on Competitive Advantage at The Head Office of PT. Bank Aceh Syariah	MALAYSIA - Universiti Sains Islam Malaysia Setiawan Gunardi Halal Logistics Governance in Malaysia to Stabilize Halal Industry in The Pandemic Era: Issues, Challenges and Solutions From Dynamic Fatwa	INDONESIA - Raden Fatah State Islamic University Diah Munawaroh & Penny Cahaya Azwari Determination of Firm Value with Financial Performance as Moderating
01.50 - 02.10 PM	Paper 2	INDONESIA - Sultan Agung Islamic University Bedjo Santoso & Agustya Fatriya Rizky Factors Influencing Sukuk Development in Indonesia (A Conceptual Model)	INDONESIA - University of Darussalam Gontor - Iqbal Imari, Ahmad Suminto, & Atha Mahdi Muhammad Strategy for The Utilization of Zakat Funds in Developing Msms During The Covid-19 Pandemic: The Ponorogo Makmur Program Baznas Ponorogo-Indonesia	INDONESIA - Tazkia Islamic University College Hafiz Akbar Muhammad & Anita Priantina Determinants of Millennial Online Food Purchase Behavior in Bogor During Covid-19 Pandemic	INDONESIA - University of Darussalam Gontor Fachila Sukur Indra, David Frastiawan Amir Sup, & Sahira Sajadia Luthia The Application of Al-Wakalah Bil Ujrah Contract on Prulink Syariah Generasi Baru	MALAYSIA - International Islamic University Malaysia Salaudeen Salaudeen Olatubomi & Salina Kassim Effects of Covid-19 on Financial Performance of Islamic Banks in Malaysia	SRI LANKA - South Eastern University of Sri Lanka M. A. C. Salfiya Ummah Moderating Effect of Entrepreneurial Background Between Individual Factors and Business Performance: Evidence From Sri Lankan Muslim Women-Owned/Led Small And Medium Sized Enterprises	INDONESIA - IAIN Pekalongan Hendri Hermawan Adinugraha Setanggong Halal Tourism Village: A Management Approach	MALAYSIA - International Islamic University Malaysia Razali Haron & Faaza Fakhrunnas Impact of Corporate Governance and Earnings Volatility on Debt Financing of Indonesian Firms
02.10 - 02.30 PM	Paper 3	INDONESIA - Universitas Brawijaya Dwi Retno Widayanti Salina Kassim, Logistik dalam Mengungkap Peluang Pemahaman Masyarakat Muslim Tentang Cash Waqf Linked Sukuk (CWLS)	MALAYSIA - International Islamic University Malaysia Salina Kassim, Mohamed Hamza Ghaouri, Anwar Hasan Abdullah Othman, & Hamid Rashid Harnessing Blockchain for The Development of Islamic Social Finance: An Emphasis on Waqf	INDONESIA - Universitas Muria Kudus Tina Rahayu Empowering Leadership: A Role in Increasing Productivity During The Covid-19 Pandemic	INDONESIA - Sultan Agung Islamic University Dian Essa Nugrahini & Debby Nirma Sari Sejahtera Mobile Payments Adoption - An Integrated Framework of Health Belief Model and Expectation Confirmation Model	INDONESIA - Tazkia Islamic University College Afif Zaerofi & Rachmawaty The Service Performance and Customer Satisfaction Model in Islamic Banking	INDONESIA - Sultan Agung Islamic University Ardan Adhlatma, Abdul Hakim, & Agus Wachjutomono Spiritual Work Value in Employee Engagement: A Conceptual Model	INDONESIA - University of Tanjungpura Helma Malini, Benedict Valentine Arlianandam, & Rizki Maghribi The Reality on The Ground - Placing Indonesian Halal Cosmetics onto The International Pedestal	INDONESIA - Sultan Agung Islamic University Sutapa, Pujiharta, & Heri Lakisto The Effect of Intellectual Capital on Creative Industry Performance: Spiritual Capital as Moderation
02.30 - 02.50 PM	Paper 4	INDONESIA - University of Darussalam Gontor Yunita Wulandari, Khurum'in Zahro', Fahman Muntazi, & Dian Efendi نظرية للخدمة الإسلامية لتسويق العفري دراسة حلالتي كبر هراد الشرعي كوسوما سيارياها فورومسان فونورو كور سنة 2020م	INDONESIA - University of Darussalam Gontor Setiawan Bin Lahuri, Mulyono Jamal, Luluk Wahyu, & Rokhmat Muttaqin دور اهلينة الوطنية للركاة سور اكرات في توبع الركاة على المتصربين بليروس كور ونا من منظور الفقه الإسلامي	INDONESIA - Tazkia Islamic University College Anisa Karimah, Achmad Firdaus, & Indra Islamic Family Financial Planning, Literacy, Inclusion On Online Seller Housewives During Pandemic	INDONESIA - University of Darussalam Gontor Ahmad Muqorobin, Novan Fatchu Alafianta, Adinda Prisiilia Putri, & Mohammad Ali Ramadhani Analysis of Islamic Law on Online Business Youtube And Pay-Pal Earnings in Islamic Law in Indonesia	INDONESIA - University of Darussalam Gontor Mohammad Zen Nasrudin Fajri, Khoirul Umam, Lila Prisiilia Putri, & Mohammad Ali Ramadhani The Effect of Covid-19 and Sectoral Financing on Islamic Bank Profitability	INDONESIA - Tazkia Islamic University College Fakhrudin & Muhammad Isa Mustafa The Influence of Communication Effectiveness, Service Quality and Trust on Commitment Connectedness to Customers	INDONESIA - UIN Sunan Kalijaga Yogyakarta Irma Yuliani & Alif Khurwarazmi Maulana Julendra The Impact of Hijrah Trends on the Consumer Decision to Consume Halal Product in Indonesia	INDONESIA - Tazkia Islamic University College Firyal Arina Salsabilla & Rochania Ayu Yunanda The Quality of Green Accounting and Maqashid Shariah Performance: The Case of Indonesian and Malaysian Pharmaceutical Industry
02.50 - 03.10 PM	Paper 5	INDONESIA - University of Darussalam Gontor Setiawan Bin Lahuri, Khurum'in Zahro', & Wahyudi Bakri الضمان في عقد المعضارية في بنك المعاملات فرغ سوراغن هم 2020	INDONESIA - UIN Sunan Kalijaga Yogyakarta M. Zidny Nafi' Hasbi & Ipuk Widayanti Zakah Contribution for Community Economic Development With Analytical Networking Process Method	INDONESIA - UIN Sunan Kalijaga Yogyakarta Siti Nur Azizah & Galuh Tri Pambekti Women's Islamic Financial Literacy and Impact on Financial Management in the Pandemic Era	INDONESIA - Tazkia Islamic University College Nesya Ayussnita & Anita Priantina Determinants of Millennial Consumption Behavior During The Pandemic	MALAYSIA - International Islamic University Malaysia Ihsanul Ikhwan & Aam Slamet Rusydiana Efficiency Stability of Indonesian Banking Industry During Covid-19: Dea Window Analysis	MALAYSIA - National Defence University of Malaysia Hafizah Mat Nawi Bibliometric Analysis of Fraud In Small and Medium-Sized Enterprises	INDONESIA - Sultan Agung Islamic University - Marno Nugroho, Budhi Cahyono, & Rifqi Hasa Gunawan Model of Green Human Resources Behavior Based on Green Behavior Training, Green Competence, and Affective Commitment on Green Value	INDONESIA - Sultan Agung Islamic University Siti Sumiati & Rima Yulia Suezbaniingrum Intellectual Capital and Shareholder Wealth
03.10 - 03.30 PM	Paper 6	INDONESIA - Universitas Trunojoyo Madura Nasrullah Nasrulloh & Zaki Nur Anas The Economic Empowerment Program: Ziswaf Fund Contribution to Communities During Covid-19 Pandemic	INDONESIA - University of Darussalam Gontor Imam Kamaluddin, Iman Nur Hidayat, Risma Anis Nur Fuadah, & Virgin Muthia Imron اثر التتبن في انا رالوف (دراسة بمعهد دار السلام كونتور للنداء الأول)	INDONESIA - Universitas Trunojoyo Madura Galuh Widitya Qomara Enhancing Family Resilience: The Study of Pesantren Social Capital	MALAYSIA - UTM Alor Gajah, Melaka Hainnuraqma Rahim, Hamidah Irpan, & Mohamed Saladin Abdul Rasool Acceptance of E-Payment Zakat Among Muslims: Empirical Evidence From Malaysia	INDONESIA - UIN Sunan Kalijaga Yogyakarta Prasajo, Winwin Yadiati, Tettet Fitrianti, & Memed Sueb Does Risk Taking and Shariah Governance have a Relationship with Maqasid Shariah based Performance?	INDONESIA - Sultan Agung Islamic University Mulyana & Erlinda Ramadhani Permata Putri Knowledge Sharing and Environmental Dynamism on Business Performance: An Empirical Study in Muslim Fashion SMEs	INDONESIA - UIN Raden Intan Lampung Adinda Thaliya & Dania Hellin Amrina Implementation of Partnership Program and Green Economy in The Tofu Processing Industry Towards Social Economic Systems Driving Sustainable Development of Islamic Economic Perspective	MALAYSIA - IIUM Nur Sofea Ng Binti Muhamad Ng, & Mohamed Aslam Akbar - Muara'ah Sharecropping: Islamic and Western Perspectives of Agricultural Contracts for Sustainable Development

Thursday, Nov 18th, 2021		Parallel Session 2 (04.00 - 06.00 PM)							
Time	Agenda	Room 1	Room 2	Room 3	Room 4	Room 5	Room 6	Room 7	Room 8
04.00 - 04.20 PM	Paper 1	INDONESIA – Sultan Agung Islamic University Provitca Wijayanti, Farikha Amilahaq, Osmad Muthaher, Nurul Syuhada Baharuddin, & Nur Raihana Mohd Saleem Modeling Zakat as Tax Deduction: A Comparison Study in Indonesia and Malaysia	INDONESIA – Tazkia Islamic University College Murniati Mukhlisin Renewable Energy and Halal Industry in Indonesia; Political and Governance Issues	INDONESIA - Sultan Agung Islamic University Rostum Hanafi, Lutuk Muhimatul Itada, & Muohamad Chilimi Fajri Towards Firm Value Based on Capital Structure	MALAYSIA - National University of Malaysia Aninoya Mitra Raisnur Putri, Muhammad Hakimi Shafiai, Muhammad Adib Ismail, & Abdul Ghafar Ismail Refined Method of Multidimensional Poverty Measurement	MALAYSIA - International Islamic University Malaysia Razali Haron & Mukhtar Arif Siraj The Influence of The Investment Policy, Debt Policy, and Dividend Policy on The Stock Return of Shariah Compliant Stock in Indonesia (ISSI)	MALAYSIA - International Islamic University Malaysia Ghifary duyufur rohman & Habibullah Zakariya Realization of Maqasid Shariah Through Islamic Insurance During Covid-19 Pandemic: An Analytical Study	INDONESIA – Tazkia Islamic University College Fakhruddin, Muhammad Isa Mustafa, & Dody Yarli Concept of Marketing in Islamic Economics Perspective	INDONESIA – UIN Sunan Kalijaga Yogyakarta Jauhar Faradis & Awis Hardjito The Effect of Corporate Governance on Company Performance (Case Study on List of Sharia Securities (DES) in Indonesian
04.20 - 04.40 PM	Paper 2	MALAYSIA - International Islamic University Malaysia Siti Safia and Syed Marwan Misconception of Zakat and Distributive Justice in Islam: Case Study of Zakat Institutions in Malaysia	INDONESIA - University of Darussalam Gontor Atika Rukminastiti M, Gunawan Setyo Utomo, & Reza Mustafa Designing The Financing Business Model Development in Halal Value Chain Industry: The Modified Salam Contract	INDONESIA – UIN Syarif Hidayatullah Jakarta Yusr Sagara & Siglt Novianto Strategic Leadership, Competitive Advantage, Management Accounting Information Systems in Indonesia Islamic Bank	INDONESIA - Tazkia Islamic University College Puri Hukmi Lestari One-Third Wealth Allocation in Islamic Financial Planning	INDONESIA – Tazkia Islamic University College Rochania Ayu Yunanda & Faried Kurnia Rahman Wealth Portfolio Design and Investment Behaviour of Muslim Women In The Economic Uncertainties	INDONESIA – Tazkia Islamic University College Grandis Imama Hendra & Luthfiyah Khalrunisa The Effect of Financial Performance on Sustainability and Maqasid Sharia of Islamic Bank	INDONESIA – University of Darussalam Gontor Muhammad Abdul Aziz, May Shinta Retnowati, & Risang Aliman Naufal Kontrak Penetapan Harga Ayam Pedagog Ditinjau dari Fiqh Jual Beli di PT Amanah Mitra Broiler Semarang	INDONESIA – Tazkia Islamic University College Asphia Sahida & Yaser Taufiq Syamlan The Impact of Islamic Religiosity, Financial Knowledge, and Financial Behavior on Personal Financial Distress
04.40 - 05.00 PM	Paper 3	INDONESIA - University of Darussalam Gontor Mulyono Jamal, Meltria Cahyani, Annisa Silvi Kusumastuti, & Rabi'atul Adawiyah Abdul Karim إدارة الوقت الإنشائي و نظر الحكم الإسلامي قانون الوقت الإنشائي (دراسة حالة في معهد القدس بلندن)	INDONESIA – Tazkia Islamic University College Anita Priantina, Tasya Arviatunnisa, & Ade Nurul Hita Alfani Halal Certification Research: Scopus and Google Scholar Database	INDONESIA – Sultan Agung Islamic University Ibnu Khajar & Nunung Ghoniayah A Model of SMEs Innovation Performance Through Intellectual Capital Moderated by Dynamic Capability (A Conceptual Model)	INDONESIA - University of Darussalam Gontor Adib Susilo, Hilman Lugmanul Hakim Dza Juned, & Faqih Ramadhan The Impact of Direct Assistance for Consumption, Health, and Education on The Welfare of The Community During The Pandemic	INDONESIA – Sultan Agung Islamic University Hanif Ahmadi The Causal Relationship Between Indonesian Stock Market and Singapore Stock Markets and The Effect of Macroeconomic Factors, World Oil Prices, and World Gold Prices	INDONESIA – UIN Sunan Kalijaga Yogyakarta Weri Mahendra & Anggari Marya Kresnowati Determinant of Economic Growth During Pandemic and Global Resession in OIC Countries	INDONESIA - Universitas Islam Negeri Imam Bonjol Reza Fahmi & Prima Aswina Building Self-Fulfillment on Islamic Boarding School Based on in Techno-Entrepreneurship	INDONESIA – Sultan Agung Islamic University Sri Dewi Wahyundaru, Agustina Fitrianingrum, & Awissa Exploring The Role of Iman/Faith in Business Performance Amongst Moslem Entrepreneurs in Central Java
05.00 - 05.20 PM	Paper 4	INDONESIA - Sultan Agung Islamic University Widiyanto bin Mislan Cokrohadiasmarto, Sastri Anjana Widhyasti, & Aftuqa Sholikatur Rohmania Integrated Zakat Management to Improve Mustahik's QualityOf Life	INDONESIA - Universitas Islam Kiai Haji Achmad Shiddiq Jember Nikmatul Masruroh, Moch. Fathorrazi, Muhammad Saleh, & M. Adenan The Halal Economic Design In The Framework of Sustainable Development	INDONESIA - University of Indonesia Belinda Azzahra Integrated Reporting: Future Corporate Sustainability Strategy	INDONESIA - Sultan Agung Islamic University Verina Purnamasari Fraud Triangle in Predicting Fraud Factors in Government Institutions	INDONESIA - UIN Sunan Kalijaga Yogyakarta Ilfaha Nastiya Rizqi & Misnen Ardiansyah Factors Influencing Dividend Payout Ratio with Debt to Equity Ratio as an Intervening Variable in Jakarta Islamic Index 2012-2017	MALAYSIA - International Islamic University Malaysia Mohamed Noordeen Mohamed Imtiyaz Issues, Challenges in Microfinancing and Mosque Based Financing Model for Micro Enterprises using Islamic Social Finance Solutions	INDONESIA - IAIN Lhokseumawe Siti Najma, Asmuni, & Saparuddin Siregar Dayah/Pesantren As Agent of Development Through Dayah Entrepreneurship Development in Aceh Province	MALAYSIA - International Islamic University Malaysia Dhiyana Riyan & Syed Marwan Indonesia's Tax Dispute Resolution: An Islamic Economic Ethics Perspective
05.20 - 05.40 PM	Paper 5	NIGERIA – Federal University of Kashere, Gombe State Nigeria Adamu Abubakar Muhammad, Muhammad Sani Abubakar, Muhammad Kabir Ismail, & Muhammad Auwal Aliyu The Relevance of Islamic Models of Zakat and Waqf in Poverty Alleviation Among Vulnerables During The Pandemic Era in Bauchi State-Nigeria.	INDONESIA - University of Darussalam Gontor Setiawan Bin Lahuri, May Shinta Retnowati, Yunita Wulandari, & Muhammad Rizal Pranoto Analysis of Fatewa of The Indonesia Council of Ulama No. 26 Of 2013 on The Halal Product Standard	INDONESIA - Tazkia Islamic University College Sofya Nadiyah & Rahma Wijayanti The Effect of Green Accounting and Green Initiatives on Profitability of Islamic Commercial Bank in Indonesia	MALAYSIA - International Islamic University Malaysia Dr. Mariam Saidona Tagoranao & Dr. Aizaman D. Gamon The Role of Islamic Social Financial Institutions for Muslim Minorities Sustainable Economic Recovery	INDONESIA - University of Darussalam Gontor Muhammad Syifaurosyidin, Muhammad Irkham Firdaus, Abdullah Khoiri, & Vinny Adilah Rahmani Adriana Impact of Covid-19 and Rupiah Exchange Rate on The Indonesian Economy	INDONESIA - Universitas Islam Negeri Sumatera Utara Muhammad Yusnar & Munawwir Ramadhan Analysis of Government Expenditures and ZIS Funds Effect on Economic Growth in North Sumatera	INDONESIA - Tazkia Islamic University College Tiara Fatimah Ramadhanti, Nur Hendrasto, & Afif Zaerofi Analysis The Usage of Digital Marketing Channels by Micro, Small, and Medium Enterprises in The Nganjuk Regency	INDONESIA - Sultan Agung Islamic University Ahmad Rudi Yudianto, Adilla Kustya Ulfa, & Marno Nugroho Human Resources Performance Improvement Model Through Islamic Work Ethics and Affective Commitment

05.40 - 06.00 PM	Paper 6	MALAYSIA - International Islamic University Malaysia Zulfikri, Prof.Dr. Salina Kassim, & Dr. Anwar Hassan Abdullah Othman Challenges of Blockchain Technology for Zakat Industry in Indonesia	INDONESIA - UPN Veteran Jawa Timur, Surabaya Fauzatul Lailiy Nisa & Lilik Rahmawati Empirical Study Assessment of Bank Financial Statements Sharia in Indonesia Based on IFRS and AAOIFI Standards	INDONESIA - UIN Sunan Kalijaga Yogyakarta Aisyah Esa Safitri and Riswanti Budi Sekaringsih Islamic Certificate of Bank Indonesia (SBIS)'s Impact on Indonesian Economic Growth	INDONESIA - Sultan Agung Islamic University Budhi Cahyono, Lutfi Nurcholis, & Marno Nugroho Green Innovation and Sustainability Advantage at Small Medium Enterprises (SMEs); The Moderating Effect of Islamic Environmental Ethics and Islamic Business Ethics	INDONESIA - Sharia Economic Applied Research & Training (SMART) Aam Slamet Rusydiana & Aisyah As-Salafiyah Productivity of Indonesian Islamic and Conventional Banking During Covid-19 Pandemic	INDONESIA - UIN Sunan Kalijaga Yogyakarta Muhammad Yusuf Naufal Firdaus & Lailatis Syarifah Factors Affecting The Welfare of Cooperative Members (Case Study on Members of Darumafatihil Ulum Sharia Saving and Loan Cooperative Podokaton Pasuruan East Java)	INDONESIA - University of Darussalam Gontor Daud Sukoco, Yunita Wulandari, Adinda Multiwany Nur Jamilah, & Muhammad Rifqi Al Fariz Islamic Entrepreneurship Towards Indonesian Sustainable Development Goals	BRUNEI DARUSSALAM - Universiti Islam Sultan Sharif Ali Gaisar Ali, Hakimah Yaacob, Shazia Parveen, Abdul Nasir Rani, & Zaki Zaini Environmental Beliefs and the Adoption of Circular Economy: Do Gender, Age and Knowledge Act As The Moderators?
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Friday, November 19th, 2021		Parallel Session 3 (09.15 - 11.15 AM)							
Time	Agenda	Room 1	Room 2	Room 3	Room 4	Room 5	Room 6	Room 7	Room 8
09.15 - 09.35 AM	Paper 1	INDONESIA - Waqf Center for Indonesian Development and Studies (WACIDS) Lisa Listiana & Lu'ilyatul Mutmainah Towards Energy Security and Sustainability in Indonesia: Exploring The Waqf Based Potential	INDONESIA - Sultan Agung Islamic University Edy Suprianto & Dedi Rusdi Sharia Bank Research Roadmap in Indonesia	INDONESIA - Universitas Bina Darma Leon A. Abdillah, Andi Christian, & Khana Wijaya Strengthening Islamic Economy Through Business Digital Transformation and Financial Technology in The Pandemic Era	INDONESIA - Sultan Agung Islamic University Lutfi Nurcholis, Budhi Cahyono, & Lulu Ayu Rida Tiani The Influence of Religiosity and Country of Origin Toward Purchase Intention: The Role of Brand Image as A Mediating Variable	MALAYSIA - Universiti Sains Islam Malaysia Muhammad Aiman Fathi bin Shamsuri, Hussein 'Azeemi Abdullah Thaidi, Muhamad Firdaus Ab Rahman, & Azman Ab Rahman The Integration of Micro Takaful in Empowering The Poor Population During Pandemic: An Exploratory Study	PAKISTAN - University of Gujrat Dr. Ramzan Shahid & Saima Anwar, Ph.D Scholar Connecting The Economies: Analyzing The Impacts of Belt and One Road Initiative (BRI) on The Trade of Islamic World	INDONESIA - Pekalongan State Islamic Institute Novendi Arkham Mubtadi & Wahid Wachyu Adwinarto Implementation of Sharia Audits: Perception of Sharia Accounting Students	INDONESIA - University of Darussalam Gontor Ahmad Lukman Nugraha & Reknio Juminten The Implementation of Islamic Marketing Mixed at Sweet Sundae Home Industry Yogyakarta in Empowering The Community
09.35 - 09.55 AM	Paper 2	MALAYSIA - International Centre for Education in Islamic Finance (INCEIF) Mahadi Ahmad, Ph. D., CSAA A Proposed Special Waqf Entity for Delivering Takaful Coverage to The Underprivileged	INDONESIA - University of Darussalam Gontor Luluk Wahyu Roficoh, Selvia Namira Ahmad, Masyithah Auliya Rizqi, Safna Nur Rokhmah, & Widya Azaria The Role of BPRS in Improving SMEs During Covid-19 Pandemic To Achieve SDGs	BRUNEI DARUSSALAM - Universiti Brunei Darussalam Umar Habibu umar Habibu Umar & Muhammad Aminu Umar Integrating Islamic Fintech into Islamic Social Finance to Revive The Going Concern of MSMEs In The Covid-19 Era	INDONESIA - University of Darussalam Gontor Multi Afif, Mustafan Al Faruqi, & Khurun'in Zahro' The Analysis of Online Shopping Satisfaction Islamic Perspective (Case Study To Student of University of Darussalam Gontor Campus Magelang on Period 2021)	INDONESIA - University of Darussalam Gontor Andini Rachmawati, Zulfatus Sa'diah, Mutiara Salsabila, & Frijly Alinda Equity Crowdfunding Sharia as Islamic Social Finance in Recovering The Economy Amid Covid-19 Pandemic Crisis	INDONESIA - Statistics Indonesia (BPS) Dian Rizqi Khusnul Khotimah Big Data Analysis: How Public Response To Islamic Economy in Indonesia During Pandemic?	MALAYSIA - IIUM Putri Elynazura Binti Megat Nor Hashim, & Mohamed Aslam Akbar Prohibition of Riba' and Interest Based Financial Intermediation: Comparative Analysis Between The Consensus of Islamic Jurists and The Contemporary Polemicists	INDONESIA - Tazkia Islamic University College Anita Priantina, Baschir Ammar Hakim, & Ikhla Nur Syamsiah Islamic Social Finance Research Trends: Past and Future
09.55 - 10.15 AM	Paper 3	INDONESIA - Yarsi University Lukman Hamdani & Nurul Huda The YouTuber's Waqf and Zakat: Model as A Fundraising Innovation for Waqf Funds	INDONESIA - Tazkia Islamic University College Nurizal Ismail, Zurina Shafii, & Siti Aisyah Interpreting Syaibani's The Ideas of Wealth Management In The Contemporary Islamic Finance	INDONESIA - University of Darussalam Gontor Abika Rukminastiti Masrifah & Nilam Suci Gilang Romadhona Measuring The Use of and Demand for Sharia Electronic Money Among Muslims	PAKISTAN - University of Engineering and Technology Taxila M. A. Rehman Shah, Shaherbano, & Meher Bano Technological Transformation and Employees' Performance: A Case of Islamic Financial Institutions in The Amidst Pandemic Era	MALAYSIA - Universiti Teknologi Mara Zahariah Sahudin & Husniyah Abdul Rahim Determinants of Takaful Performance in Malaysia	INDONESIA - Universitas Airlangga Lina Nugraha Rani, Dwi Wulan Ramadani, & Johan Wahyudi The Islamic Financial Stability System: A Bibliometric Approach	INDONESIA - Sultan Agung Islamic University Sri Anik & Devya Rahma Saputri The Role of NPF In Mediating The Relationship Between Mudharabah and Musyarakah Financing to Increase Profitability in Islamic Commercial Banks	INDONESIA - Sultan Agung Islamic University Nurhidayati, Fransy Bismatama G Ibrahim, & Nailil Muna The Dual Benefits of The Dual Role of Students Working as Entrepreneurs Through Social Support
10.15 - 10.35 AM	Paper 4	INDONESIA - University of Darussalam Gontor Azidni Rofiqo & Sheema Hasina Armina Transparency and Reputation as The Factor Influences to The Intention Waqf: Empirical Studies in Institution of Waqf Gontor	INDONESIA - UIN Syarif Hidayatullah Jakarta Riris Aishah Prasetyowati Measurement of The Level of Competition In The Islamic Banking Industry	INDONESIA - Tazkia Islamic University College Filtria Novianti & Yaser Taufik Syamlan Factors Affecting Investment Decisions During Pandemic Through Sharia Financial Technology	INDONESIA - University of Darussalam Gontor Eko Nur Cahyo, Saipul Nasution, Fawwaz Raihan, & Dwi Rachmawati Digital Currency Bitcoin in Islam and Banking	INDONESIA - Tazkia Islamic University College Zahra Shafira & Anita Priantina Investigating Behavioral Intention Towards The Integrated Islamic Commercial and Social Finance	MALAYSIA - International Islamic University Malaysia Omeric Jasmin Integration of Knowledge (ToK) Methodological Approach to Reforming The Development of Islamic Economics, Banking and Finance (IEBF) on Light of Maqasid (Objectives) and Sustainable Development Goals (SDGs)	MALAYSIA - Universiti Teknologi MARA Nor Tasik Misba & Abd Halim Mohd Noor Empirical Review on Literature of Tahfiz	INDONESIA - Malangkucewara College Malang Inama Zuhroff The Rise of Islamic Social Finance in The Pandemic Era

10.35 - 10.55 AM	Paper 5	INDONESIA - Tazkia Islamic University College Nashr Akbar & Nurfikriani Factors Influencing Interest of Indonesian Muslim Millennials in Waqf	INDONESIA - Sultan Agung Islamic University Pungky Lela Saputri Islamic Banks and Its Role in Reducing Poverty: A Conceptual Framework	INDONESIA - Universitas Alma Ata Yogyakarta Muhammad Taufiqur Rohman & Duniyati Ilimah Analysis of Financial Literacy Influence, Security Level, Service Features and Subjective Norms Against The Use of Sharia Mobile Banking Services Among Sharia Banking	INDONESIA - Sultan Agung Islamic University Diah Ayu Kusumawati Digital Transformation: Optimization of Digital Skill and E-Readiness on SMEs in The Pandemic	INDONESIA - University of Darussalam Gontor Mohammad Ghozali, Eko Nur Cahyo, Vina Fithriana Wibisono, & Mohamad Andi Syamsul Maula تحليل عوامل التضاربية والبنية كصحة المعاملات في الشركات وفقا لظنون المعاملة الإسلامية إدارة حالة في تلك المعاملات. فرع بوجانكارنا	INDONESIA - Tazkia Islamic University College Aam Slamet Rusydiyana, Evania Herindar, & Nisful Laila The Impact of Covid-19 on Islamic Economics and Finance Industry: Text Analytics Using R	MALAYSIA - International Islamic University Malaysia Andri Martiana & Salina Kassim Relevance of Agency Theory in Microenterprise Financing: Case of Baitul Maal Wa Tamwil in Indonesia	INDONESIA - Tazkia Islamic University College Herdy Almadiptha Rahman & Yaser Taufik Syamlan Behavioral Intention to Adhere with Islamic Financial Planning of Healthcare Personnel During Covid-19 Pandemic
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Friday, Nov 19th, 2021		Parallel Session 4 (03.30 - 05.00 PM)							
Time	Agenda	Room 1	Room 2	Room 3	Room 4	Room 5	Room 6	Room 7	Room 8
03.30 - 03.50 PM	Paper 1	INDONESIA - University of Darussalam Gontor Syamsuri, Setiawan bin Lahuri, Muhammad Naufal Izzaturrahman, Triono Nugroho, & Roqi Muttaqi حوكمة الشركات الإسلامية (GCI) كحل المشكلات في إدارة وتطوير الوفاء بالبنية	INDONESIA - Tazkia Islamic University College Sulhani & Siti Khomsatun Top Management Demographics and Risk Disclosure on Islamic Banking: The Role of Audit Committees Expertise	PHILIPPINES - Mindanao State University Jawad Salic Election Campaign Through Social Media: The Political Impact of Facebook, Instagram, Twitter and Youtube on Voting Decision in Lanao Del Sur, Philippines	INDONESIA - University of Darussalam Gontor Fajar Surya Ari Anggara, Soriba Ahmad Ramdani Harahap, Alfarid Fedro, & Mohamad Rohman Aim Implementation of Human Resources Development in Advancing The People's Economy Through The Zakat Institution Sector	INDONESIA - Tazkia Islamic University College Juan Fadri Ramadhani & Miftakhus Surur The Impact of Financial Literacy and Risk Tolerance with Personality as Moderating Variable on Islamic Stock Investment Decision	MALAYSIA - Universiti Sains Islam Malaysia Hussein 'Azeemi Abdullah Thaidi, Muhamad Firdaus Ab Rahman, Azman Ab Rahman, & Muhammad Aiman Fathi Shamsuri The Practice of Islamic Microfinance: Issues and Challenges From The Perspective of Maqasid Shariah	MALAYSIA - International Islamic University Malaysia Nufazil Altaf, Muhammad Imran Bhatti, Razali Haron, & Suraya Shafi Intangible Assets and Trade Credit: Evidence From Muslim Countries in Mena	BANGLADESH - Islamic University, Kushtia Dr. Dhanonjoy Kumar & MD. Jafor Ali Financial Inclusion and Factors Influencing Quick Acceptability of Mobile Financial Service
03.50 - 04.10 PM	Paper 2	MALAYSIA - International Islamic University Malaysia Wahid Husain Al-Arabi The Role of Banks in Achieving Sustainable Development in The Islamic Economy	MALAYSIA - Putra Business School, UPM Prof. Khaliq Ahmad Islamic Management Practices in Financial Institutions- Case Studies from Islamic Banking and Finance	INDONESIA - Tazkia Islamic University College Hanan Mukriyadi Analysis of Gender Equality On Islamic Economic Growth	INDONESIA - Gadjah Mada University Wendy Rabilviani & Aprilia Beta Saundhi Understanding Governance in Community Organization- Based Zakat Management Institutions A Social Capital Approach	MALAYSIA - International Islamic University Malaysia Razali Haron & Mukhtar Arif Siraj Risk-Return Trade-Off on Stock Investment, Empirical Analysis on Indonesia Stock Exchange	INDONESIA - Sultan Agung Islamic University Yuli Indah Sari, Pungky Lela Saputri, Erma Sri Hastuti, & Asyhari HR Interest in Studying at The Undergraduate Level: Islamic Microfinance Institution Study	INDONESIA - UIN Ar-Raniry Aceh Dr. Hafas Fuqani, M.Ec, Prof. Dr. Euis Amalia, M.Ag, Dr. Zaki Fuad, M.Ag Configuring Problems of Economics in Islamic Perspective: Moral Nexus, Realities and Its Unification	INDONESIA - Universitas Muhammadiyah Yogyakarta Alfina Rahmatia, Arief Dwi Saputra, & Arni Surwanti How Can Islamic Islamic Financial Inclusion become A Sustainable Financial System?
04.10 - 04.30 PM	Paper 3	INDONESIA - University of Darussalam Gontor Luluk Wahyu & M. Ali Zikhaifid الإدارة في اللغة الإسلامي وتطبيقها المعاصرة على أعمال عمل الملتزمين	INDONESIA - IAIN Salatiga Rosana Eri Puspita & Mohamed Asmy bin Mohd Thas Thaker Netnography on Finance Research: The Case of Customer Blackmail in A Sharia Bank	MALAYSIA - International Islamic University Malaysia Oumalma Touchibine & Asst. Prof. Dr. Nor Razinah Mohd Zain An Overview on Regulation Policies for Refugees in Malaysia and The Selected European Countries: Current Situation and Future Consideration	INDONESIA - Sultan Agung Islamic University Zainal Alim Adiwijaya Good Baznas Governance Model at The Amil Zakat National Agency in Semarang	INDONESIA - Universitas Islam Negeri Antasari Selvi Annisa & Novia Nour Halisa Macroeconomics Effect on Conventional and Sharia Stocks During The Covid-19 Pandemic	MALAYSIA - Universiti Sains Malaysia Dr. Md Aslam Mia Transforming Conventional Microfinance into Islamic Microfinance in Bangladesh: A Proposed Shariah Based Model(s)	MALAYSIA - USIM Nilai Nagri Semblan Malaysia Balidar Mohammed Mohammed Hasan, Munner Ali Abdullah, & Muallimin Mohd Sahid The Principle of Financial Consolation Between Spouses in Light of The Covid 19 Pandemic: An Analytical Study	INDONESIA - University of Darussalam Gontor Adib Susilo, Nurdianawati Inwani Abdullah, & Nor Arizan Che Embi Factors That Influencing Cash Waqf Literacy: Evidence from Gontor's Student
04.30 - 04.50 PM	Paper 4	MALAYSIA - University of Islamic Science Malaysia عزى شنفد احمد شاعر الدكتور عبد المنان اسماعيل عبد الله الدكتور حسين عزي بن عبد الله Zakat on Bee Products Other Than Honey	INDONESIA - Universitas Negeri Jakarta Nada Arina Romli & Prima Yustita Nurul Islami Communication Model for Community Development of Sharia Bank Financing Products in Empowering Women	INDONESIA - Tazkia Islamic University College Aam Slamet Rusydiyana & Muhammad Syamsul Maula Green Economy and Some Relevancies From Islamic Finance Perspective: A Bibliometric Review	INDONESIA - International Centre for Waqaf Studies (ICAST), UNIDA Gontor Syahrudin, Hartomi Maulana, & Fadhila Tianti Mudi Awalila Waqf for Sustainable Development in The Amidst Pandemic Era: Lesson Learned from Pondok Pesantren Trubus Iman, East Kalimantan, Indonesia	MALAYSIA - International Islamic University Malaysia Naji Mansour Nomran & Razali Haron Global Pandemic and Stock Market Volatility of Asia-Pacific Countries	INDONESIA - Tazkia Islamic University College Wulan Asnuri, Nurul Huda, & Ronald Rulindo Determinant Analysis of Liquidity Risk in The Sharia Microfinance Institutions: A Case Study on KSPPS BMT Bina Ummat Sejahtera (BMT BUS)	INDONESIA - Sultan Agung Islamic University Ken Sudarti The Role of Holistic Value Co-Creation to Increase Sales Innovation Speed	MALAYSIA - International Islamic University Malaysia Adi Saifurrahman & Salina Kassim Collateral Imposition and Financial Inclusion: A Case Study Among Islamic Banks and MSME in Indonesia



# A Model of Smes Innovation Performance Improvement Through Intellectual Capital Moderated by Dynamic Capability (A Conceptual Model)

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## Abstract

SMEs contribute to employment and increase in income, but on the other hand, they experience a decline in performance. As a solution, it needs breakthroughs and new strategies to restore it. One of the solutions is improving innovation performance. This research aims to examine the effect of intellectual capital on innovation performance with dynamic capability as a moderating variable.

**JEL Classification:** O3, O31, 034

**Keywords:** SMEs, Innovation performance, Intellectual capital, Dynamic capability

# A MODEL OF SMEs INNOVATION PERFORMANCE IMPROVEMENT THROUGH INTELLECTUAL CAPITAL MODERATED BY DYNAMIC CAPABILITY (A CONCEPTUAL MODEL)

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## ABSTRACT

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*Article History:* (filled by Conference Book Manager)

Received : .....  
Revised : .....  
Accepted : .....  
Available online : .....

## I INTRODUCTION

In a business map full of uncertainty and disturbance, Micro, Small, and Medium Enterprises (SMEs) are constantly forced to innovate and launch new processes and products to the market. It is to have a competitive advantage to achieve superior performance and sustainability (Khalili et al., 2013). They are generally capable of increasing income and employment (Azis & Rusland, 2009); (Sofyan, 2017). As a matter of fact, their performance in recent years has not been encouraging (Table-1).

**Table 1.**

Information	2018	2019	Growth (%)
Number of Companies	914850	912421	-0,27
Total Employee	1888295	1874926	-0,71
Production Value (Rp)	119 T	79 T	-33,33

Source: BPS Central Java latest data

New and strategic breakthroughs are needed on how their performance can be maintained or even improved. It intends to enhance welfare by providing employment opportunities that can be maintained and even increased, such as increased innovation performance. Good innovation performance will affect sales and ultimately the company's performance (Löfsten, 2014).

SMEs' performance improvement through innovation performance can be pursued in several ways, both internal and external. The internal is related to the empowerment of tangible or intangible assets. Meanwhile, the external is related primarily to the marketing aspect. Both areas can be optimized within the framework of creating a sustainable competitive advantage and innovation performance which in turn will affect the performance of business organizations (Khalili et al., 2013). Intellectual assets consisting of human capital, structural capital, and relational capital (Moustaghfir, 2008) are intangible assets that contribute to creating competencies and capabilities. It is empowered to make a competitive advantage..

Several related studies have been conducted, but the results are mixed with the framework, model, and empirical results. One model shows that knowledge assets affect a company's performance (Moustaghfir, 2008); (Ferreira et al., 2018);(Hidayat, 2017);(Chen et al., 2005);(Zuliyati & Arya, 2011);(Soewarno & Tjahjadi, 2020);(Alipour, 2012). On the other hand, it is noted that a learning organization based on intellectual capital plays a strategic role in creating a sustainable competitive advantage (Widiastuti & Widuri, 2013). Another result shows that knowledge management affects organizational performance and innovation (López-Nicolás & Meroño-Cerdán, 2011).

Different research results found that the presence of intellectual capital acts as a barrier and weakens the influence of corporate governance on organizational performance (Nkundabanyanga et al., 2014). Furthermore, one component of intellectual capital, namely Human capital, does not affect all financial performance indicators (Chowdhury et al., 2018). Other results are in contrast because from the three components of intellectual capital, only human capital significantly affects financial performance while the others do not (Madininos et al., 2011).

Based on the research gap, it is essential to re-examine the topic related to MSMEs performance improvement through innovation and intellectual capital performance. As a solution and novelty, new variables are added, namely dynamic capabilities. This study also changes the composition of intellectual capital elements in the proposed conceptual model.

### 1.1. Problem Formulation

How is the influence of Human capital on structural capital?

How does human capital affect relational capital?

How is the effect of structural capital on innovation performance?

How does relational capital affect innovation performance?

How do dynamic capabilities moderate the influence of relational capital on innovation performance?

## 1.2. Research Objectives

Identify and analyze the influence of Human capital on structural capital

Identify and analyze the impact of human capital on relational capital

Identify and investigate the effect of relational capital on innovation performance

Identify and analyze the influence of structural capital on innovation performance

Identify and analyze dynamic capability moderation on the impact of relational capital on innovation performance

## II LITERATURE REVIEW

### 2.1. Intellectual Capital

A proposition that states the competitive advantage of a company depends on the company's resources is the core of the Resources Based Views (RBV); (RBV);(Monteiro et al., 2017). There are many studies on how company resources and their capabilities affect its performance (Gottschalk, 2011). This study applies the RBV theory, which states that a sustainable competitive advantage can be obtained from having **limited resources**, difficult to imitate, and no substitute. They are a group of tangible and intangible assets, including skills, routines, organizational processes, also information and knowledge to control them (Barney et al., 2001). The greater the resources owned, the more excellent and better the company's performance (Alarussi & Alhaderi, 2018).

One of the limited resources, difficult to imitate, and has no substitutes, is knowledge assets (Moustaghfir, 2008). Knowledge assets are intangible assets consisting of human capital, structural and relational (Dawson, 2000), and are analogous to intellectual capital (Bontis & Fitz-enz, 2002). Intellectual capital (IC) is the primary source of innovation, especially in small and medium enterprises with limited tangible assets (Ur Rehman et al., 2021).

Three components of intellectual capital, specifically human capital, structural and relational, are important determinations for performance (Moustaghfir, 2008). If studied further, human capital can be predicted as a determinant of the good or bad of the structural and relational capital. The essence of human capital is the intelligence of the organization member, having the tacit knowledge needed to carry out the function so that goods or services within an organization are realized (Bontis & Fitz-enz, 2002). They are the core of intellectual capital (Wu et al., 2007). It is certain that they will determine the structural capital and relational functioning properly or not so that it can be predicted as an antecedent (Wu et al., 2007). When employees go home, they are left behind, including process capital, innovation capital, and information and technology (IT) capital (Carlucci et al., 2004). When employees go home, they are left behind, including process capital, innovation capital, and information and technology (IT) capital (Wu et al., 2007). They are meaningless if there is no human capital and will be meaningful when there is. The better the quality of human capital, the better the functioning of structural capital. Relational capital represents the knowledge embedded in the value creation chain of the organization. It is also an embedded knowledge in the relationship between the company and its suppliers, consumers, and anyone outside the company (Carlucci et al., 2004).

Based on the explanation above, especially the tacit knowledge of human resources, external networks skills, and soft-hardware facilities available in the organization, **a proposition can be drawn that human capital significantly influences relational capital and structural capital.**

## 2.2. Structural Capital and Innovation Performance

Innovation is one medium to achieve a foreign advantage by introducing new processes or products to the market. It results in excellent performance (Khalili et al., 2013). They are a philosophy of entrepreneurship that requires a change to improve resources and create new capabilities to read the opportunities carefully (Walter et al., 2006). They consist of technical knowledge of doing something better than just a touch of art at hand (TEECE, 1986).

Innovation performance is a level of innovation indicator which means how far the level of company findings are sent to the market, the introduction of new systems/tools, processes, and products even on aspects of improving the quality of goods and services or changes in organizational structure (Khalili et al., 2013). They are not solely on new products but also recognized from the success of the market (Wu et al., 2007).

Structural capital (SC) is what is left in the company when employees go home, including process capital, innovation, and information technology (IT) (Wu et al., 2007). They are a collection of non-human knowledge in organizations that include organizational structures, process manuals, strategies, routines, and anything of value to the company beyond its material value (Bontis et al., 2000). They are related to organizational mechanisms and structures that can help human capital (HC) optimize according to their needs in producing goods or services of an organization. Individuals with high intellectual will not mean anything without SC. The better SC encourages employees to print new ideas and new product innovations; it ultimately impacts innovation performance (IP) (Wu et al., 2007).

Based on the explanation above, especially the availability of non-human soft-hardware facilities in the organization and the ability to introduce new processes and products to the market, a proposition can be described that structural capital has a significant positive effect on innovation performance.

## 2.3. Relational Capital and Innovation Performance

Relational capital represents all the built relationships, whether related to suppliers, strategic alliance partners, consumers, competitors and governments (Wu et al., 2007). Relationships and networks with these various groups will foster experiences that will encourage innovation and ultimately innovation performance (Bontis, 1998; Wu et al., 2007).

The explanation above can draw up a proposition. The ability to build networks with external customers, especially suppliers and customers, to launch new processes and products to the market shows that capital has a significant positive effect on innovation performance.

## 2.4. Dynamic Capability, Relational capital, Structural capital, and Innovation Performance

In order to have an optimal positive impact on performance achievement, intellectual capital requires good management in an era of rapid and unpredictable market changes. The management includes reconfiguration, fertilization, up-grade and absorption of new knowledge and the process is considered a dynamic capability (Moustaghfir, 2008).

Dynamic capability is defined as the organization's ability to reconfigure, build and integrate internal and external competencies in a rapidly changing environment (Teece et al., 2009). Dynamic capability is a determinant of a company's performance (Correia et al., 2021). The response to changes in the market through integration, transformation, renewal, reinvention of capabilities and resources is the legitimate core of dynamic capabilities (Monteiro et al., 2017). The dynamic capability is to renew and rearrange company resources according to environmental changes to issue, renew, and expand resources (Battisti & Deakins, 2017).

The proposition has previously been stated that relational capital (RC) can affect innovation performance. Relationships built by marketing and consumers are embedded in tacit knowledge that can create new ideas, systems and new methods related to the market. This influence will be more substantial if the company has the dynamic capability (DC). The knowledge possessed will be updated, rearranged, recreated by adjusting to environmental changes (Wu et al., 2007).

The explanation above highlights knowledge management, including reconfiguration, fertilization, upgrading and absorption of new knowledge and processes. Based on the proposition that states there is a significant positive impact between relational capital and innovation performance, it results in a new proposition that dynamic capability can significantly moderate their effect.

### III RESEARCH METHOD

The type of this research is explanatory library research, which aims to find out and analyze the related literature. Some previous research were collected then formulated in a proposition. Based on the proposition, the proposed model will be depicted.

This study focuses on the SMEs business model, an informal business sector categorized as a small business based on the employees' size. The selected area will be determined later based on the objective characteristics appropriate to the research.

#### 3.1. Variable Formulation and Operational Definition

Based on the above literature review, there are four variables: human capital, relational capital, structural capital, dynamic capability, and innovation performance. Based on the variables, the research focus will be formulated in definition, as described in Table 1.

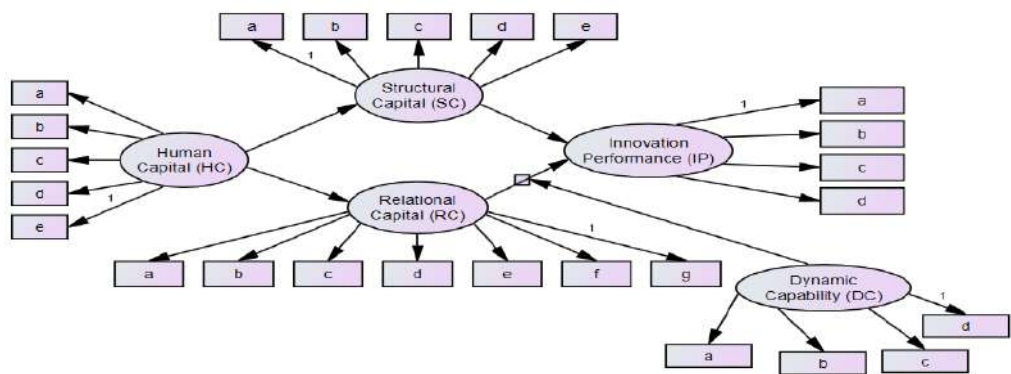
**Table 1.** Variable operational definition

Research variable	Operational definition	Indicator
Human capital	The intelligence of the organization member has the tacit knowledge needed to carry out the function so that the process of creating goods or services within an organization is realized (Bontis & Fitz-enz, 2002).	a. competency level, b. the success of training program, c. teamwork of employees, d. employee skill improvement e. employees are smart (Bontis, 1998).
Relational Capital	The knowledge that is embedded in the relationship between the company and suppliers, consumers and anyone outside the company (Carlucci et al., 2004).	a. satisfied customers, b. the market-oriented company, c. understand the target market, d. disseminated consumer information, e. take advantage of the wishes of consumers/customers, f. close relationship with customers g. and have a better external network than competitors (Bontis, 1998;Monteiro et al., 2017).

Structural Modal	is left in the company when employees go home, including the process capital, innovation and information technology (IT)(Wu et al., 2007).	a. procedures to support innovation, b. implementing new ideas, c. support idea formation, d. easy access to information, e. and increased earnings per employee (Bontis, 1998).
Innovation Performance	The level of innovation indicators is the extent to which the level of company findings are sent to the market, the introduction of new systems/tools, processes and products even on aspects of improving the quality of goods and services or changes in organizational structure (Khalili et al., 2013)	a. market new products before competitors, b. number of new goods and services projects, c. number of innovations for work methods and processes d. and renewal of organizational structure to adapt to environmental changes (Khalili et al., 2013).
Dynamic capability	the organization's ability to reconfigure, build and integrate internal and external competencies in a rapidly changing environment (Teece et al., 2009).	a. the company's capability level compared to its main competitors, b. capability to integrate resources, c. learning capability d. and the ability to respond to environmental changes (Monteiro et al., 2017).

### 3.2 Model Formulations

Based on the theory, propositions, proposed model, variables and indicators, it can be developed a new Model of MSMEs' innovation performance in terms of intellectual capital impact, as follows (Figure 1).



**Figure 1.** New Proposed model of intellectual capital impact on MSMEs' innovation performance

## IV CONCLUSION AND FUTURE RESEARCH AGENDA

### 5.1. Conclusion

This research aims to find out an appropriate model on the impact of intellectual capital on MSMEs' innovation performance and to find out also analyze the role of new factors founded on the effect of intellectual capital on MSMEs' innovation performance. Based on these objectives, it can be concluded that: four variables affect the MSMEs' innovation performance. They are

human capital, structural capital, relational capital and dynamic capability. Dynamic capability suggested that the moderating variables can strengthen or weaken the relationship between relational capital and MSMEs' innovation performances.

## 5.2. Future Research Agenda

Future research is needed to explore more profound the relationship on the proposed model. It is suggested to employ Smart PLS-3 software to answer problems and research hypotheses. Partial Least Square (PLS) is a powerful analysis method, and it does not need data normality assumption. It includes two analysis components, first the outer model and the second inner model. The outer model uses for data quality analysis which provides data validity and reliability. Validity can be found by analyzing the loading factor for each indicator of the research variable.

Besides that, the population and target sample should be established. A suitable area such as MSMEs in Central Java of Indonesia is suggested to this research objective. Moreover, MSMEs can be chosen, i.e. creative furniture industries in Semarang regency and Jepara regency. Sample methods should be determined, such as by using purposive sampling methods.

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