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Sustainable business Islamic banks in Indonesia

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A B S T R A C T

The purpose of this study is to create a sustainable business model of Islamic banks in Indonesia through financial and non-financial aspects with financial performance as a mediate variable. The study uses quantitative approach by collecting secondary data of Islamic Banks from financial statements and annual reports over the period 2010-2018. The population of this study is 9 (nine) Islamic banks and the sample of research uses the census method. Data processing methods uses Partial Least Square. The results of the study stated that corporate governance has a significant effect on financial performance, intellectual capital has a significant effect on financial performance and company size has a significant effect on financial performance, but corporate governance has no effect on sustainable business. In addition, intellectual capital has a significant effect on sustainable business but company size has no effect on sustainable business. Moreover, financial performance has a significant effect on sustainable business, financial performance mediated the effect of corporate governance on sustainable business, financial performance partially mediated the effect of intellectual capital on sustainable business and financial performance mediated the effect of company size on sustainable business.

1. Introduction

The development of Islamic banks in Indonesia based on 2018 Authority Financial Services data recorded that the number of Islamic Commercial Banks in Indonesia currently amounted to 13 banks, the number of Business Units Sharia as 22 units, 2,950 office networks and 167 banks as Islamic Rural Banks. Market share of Islamic bank in Indonesia in 2018 reached 5.72 percent. Islamic bank in Indonesia has experienced quite high growth of 15.2 percent or bigger than the growth of conventional banking nationally which reached 8.4 percent. To be able to increase the growth of Islamic banks in Indonesia, there are several strategic efforts that are in high priorities for Islamic banking stakeholders, including innovation product, finance and Islamic banking which are the main pillars for the development of the Islamic banking industry. Islamic banks must have a variety of innovative products in order to develop and become competitive. At the 21st century, demands for the implementation of corporate governance in management banking is very high. The main trigger for the development of these demands was due to the monetary crisis in banking sector in 1997-1999 which was dominated by conventional banks, where in that period as many as 71 conventional banks had to be liquidated and continued and in 2001 as many as 18 conventional banks also had to be liquidated (Setyani, 2010)). Efforts to restore trust in the Indonesian banking world through restructuring and recapitalization can only have a long-term and fundamental impact if accompanied by three other important actions, namely: (i) complying to prudent principle; (ii) implementing corporate governance; and (iii) effective supervision from the bank supervisory authority.

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2. Literature review and hypothesis development

2.1. Corporate governance and financial performance

The importance of corporate governance in Islamic banks was reflected in research by Chapra and Habib (2002), since they mentioned about the importance of the implementation of corporate governance in several Islamic financial institutions in the world. One interesting side related to the use of intellectual capital is that it is a tool to predict the company's financial performance in the future (Ulum et al., 2008). This means that a company that is able to manage and utilize its strategic resources will be able to create added value and competitive advantage so that it would lead to an increase in the company's financial performance. The intended strategy resources can be tangible assets and intangible assets. Intangible assets here can be in the form of corporate intellectual capital, namely innovation, information systems, organizational culture, and human resources. Bollen et al. (2005) stated that intellectual capital is an integral part of companies in the value creation process, and increasingly plays an important role in maintaining the company's competitive advantage. In a modern business environment, intellectual capital is considered the most important strategic asset for the success of a company (Rezaei, 2014). Chapra and Habib (2002), examined corporate governance in Islamic financial institutions in 14 countries including Indonesia. The results showed that 62% of respondents involved in the survey stated that they would transfer their funds to another Islamic bank if a violation of sharia was found in their operations. This shows that the application of corporate governance can increase public confidence in Islamic banks. Rehman and Mangla (2012) stated that corporate governance has a significant effect on the financial performance of banking. Haider et al. (2015) stated that corporate governance has a significant effect on corporate financial performance. Siswanti et al. (2017) stated that Islamic corporate governance has a significant effect on Islamic financial performance. From the results of researchers previously we can conclude that the implementation of corporate governance can help Islamic banks work more effectively and efficiently to reduce costs and minimize risks that occur, so it can increase company performance. Based on the description, the following hypotheses can be proposed:

H_1: Corporate governance has a significant effect on financial performance.

2.2. Intellectual capital and financial performance

Intellectual capital plays a very important and strategic role in measuring the human resources of a company. Intellectual capital is a knowledge that can provide benefits to companies for contributing added value information for different users for the company. One definition of intellectual capital that is widely used is according to the Organization for Economic Co-operation and Development (OECD, 1999), which states that intellectual capital as the economic value of two categories of intangible assets: (1) structural capital; and (2) human capital. Thus, intellectual capital is considered as a combination of intangible assets including markets, intellectual property, human resources, and infrastructure that carry out its functions within the company. From this definition, intellectual capital can be considered as an intangible asset that is owned and used by the company to generate benefits and improve welfare. Bontis et al. (2000) stated that structural capital (SC) has a significant effect on business performance. Firer and Williams (2003) stated that intellectual capital has a significant effect on business performance as measured by profitability, productivity and market valuation. Kurniasih and Heliantono (2016) stated intellectual capital plays a significant impact on financial performance BUMN bank in Indonesia. Siswanti and Sukoharsono (2019) stated that Islamic intellectual capital has a significant impact on Islamic financial performance. From research previously it can be explained that intellectual capital has a very large effect on the company because basically, intellectual capital is a resource that has the potential to determine the company competitive advantage because intellectual capital is a factor of resources and knowledge that supports of the company. Based on the description, the following hypotheses can be proposed:

H_2: Intetellectual Capital has a significant effect on financial performance.

2.3. Company size and financial performance

Company size is one of the factors that determine a company to generate profits. The larger the company becomes, the more strength it has in dealing with business problems and the ability to generate profits since it is supported by big assets so that the company's obstacles that may occur can be overcome. In general, total assets are used as a basis for measuring the company size since it has a long-term nature. The more assets owned and the smoother the asset turnover level, the bigger the profit the company (Kartikaningsih, 2013). Kartikaningsih (2013) stated company size has a significant effect on company performance. The company size is considered to be able to affect the value of company. Since the larger the size or scale of the company, the easier it will be for companies to obtain funding sources from internal and external. The company size shows the amount of experience and ability to grow the company and also indicates the ability to manage the level of investment risk provided by the stakeholders to increase prosperity. Darmawati (2005) stated that large companies basically have financial strength in supporting performance, but on the other hand, companies may have more agency problems. Alex (2018) and Dogan (2013) stated that the company size has a significant effect on the company financial performance. Thus, it can be said that company with large assets will get more attention from the public. Alex (2018) stated that company size has a significant effect on financial performance in banks in Kenya. Dogan (2013) stated that company size significantly affects profitability. Thus, it can be stated that the company size shows an increase in assets in the company. Thus, it can be explained that increasing firm size can be increase profitability. Based on the description, the following hypotheses can be proposed:

H_3: Company size has a significant effect on financial performance.

2.4. Corporate governance and sustainable business

Business conducted by a company is expected to be sustainable. Sustainable business can also be defined as a company's ability to achieve business goals and increase long-term value for shareholders by integrating economic, social and environmental into its business strategy. Elkington (1998), developed the concept of Trip Bottom Bottom (TBL) known as "3P" namely: Profit, People and Planet. Elkington gives the view that companies that want to be sustainable, must pay attention to the "3P" in addition to get profit and the 3P concept is seen as the main pillar in building a sustainable business. Sustainability is a balance between people-planet-profit, known as the triple bottom line (TBL) concept. Sustainability is meeting between three aspects are people-social; planet-environment; and profit-economic (Elkington, 1998). Often companies only focus on increasing profits and using technology as efficiently as possible so that sometimes ignoring environmental and social aspects. Along with these conditions, Indonesian people's awareness of the importance of the company's environmental and social performance began to grow. This awareness encourages the public to look for the disclosure of information by the company which is not aimed at just one aspect of performance, but rather overall indicators of performance sustainability are economic, social and environmental performance. Companies that ignore social norms will lose the good will of consumers, workers and regulators. Janggu et al. (2014), stated that corporate governance has a significant effect on disclosure of corporate sustainability. Hashim et al. (2015), examined the effect of corporate governance on sustainability practices in 82 Islamic financial institutions in the world. The results of the study stated that corporate governance has a significant effect on sustainability practices. Israil and Ahmad (2015) stated that corporate governance has a significant effect on sustainable of Islamic banks in Malaysia. In his research it is said that for the continuity of Islamic financial services as a source of human welfare, the value of corporate governance is considered the most important. Researchers assume that if corporate governance is included in the company, the company will develop and will be sustainable and this will free people from the *riba* system and in accorded with Islamic principles where declared *riba* is forbidden. Siswanti et al. (2017) stated that Islamic corporate governance has a significant effect on sustainability business. Based on the description, the following hypotheses can be proposed:

H_4: Corporate governance has a significant effect on Sustainable Business.

2.5. Intellectual capital and sustainable business

Dzemyda and Jurgelevicius (2014) stated that intangible assets consist of intellectual capital, human capital and social capital were able to change the economic structure of a country and effect on sustainable of a country development. Muhindi and Ngaba (2018) stated that intellectual capital has a significant positive effect on sustainable business SME. The results of this study also show that knowledge and innovation from the dimensions of intellectual capital have an effect on creating sustainable businesses SME. Siswanti and Sukoharsono (2019) stated Islamic financial performance has a significant impact on business sustainability. Based on the description, the following hypotheses can be proposed:

H_5: Intellectual capital has a significant effect on sustainable business.

2.6. Company size and sustainable business

In order for a company to become sustainable, it must be able to maintain a balance between profit, people, and the planet. The greater the size of the company, the greater the company's concern for people and planet. Thus, the company is expected to continue to be sustainable. Waluyo (2017) stated that the company size reflected by total assets has a significant effect on sustainable company. Machdar and Nurdiniah (2018) examined the effect of company size on the sustainability of manufacturing companies and stated that company size has a significant effect on the sustainable company. Based on the description, the following hypotheses can be proposed:

H_6: Company size has a significant effect on sustainable business.

2.7. Financial performance and sustainable business

Financial performance is defined as the work of managers in carrying out the tasks assigned to those who are related to the financial management of the company (Fahmi, 2011). Financial performance describes the state or financial condition of a company that can be seen from the information in the form of financial statements. It is very important to know about the good and bad effects of a financial condition of a company that reflects financial performance. Nawaiseh (2015) stated that company performance reflected by return on assets (ROA) shows a significant effect on sustainable business. Maskun (2013) stated that the profitability of a company has a significant effect on sustainable company. Tobing et al. (2019) stated that profitability has a significant effect on the disclosure of sustainable business. Thus, it can be said that a good financial performance of a company will be able to increase the company ability to improve social responsibility, which in turn will be able to improve the sustainable company. Based on the description, the following hypotheses can be proposed:

H_7: Financial performance has a significant effect on Sustainable Business.

2.8. Financial performance mediates the impact of corporate governance on sustainable business.

Corporate governance is related to the system and mechanism of relationships that regulate and create appropriate incentives between parties who have an interest in the company so that the company can achieve its business goals optimally. From the results of the study there is a research gap on the effect of Corporate Governance on Sustainable Business. Janggu et al. (2014), stated that corporate governance has a significant positive effect on disclosure of sustainable company, while the research Aras and Crowther (2008) showed different results, where the research by Aras and Crowther stated that it is not enough to prove that corporate governance will guarantee that the company will be sustainable. Based on the description, the following hypotheses can be proposed:

H_8: Financial performance mediates the impact of corporate governance on sustainable business.

2.9. Financial performance mediated the effect of intellectual capital on sustainable business

Intellectual capital plays a very important role for the company. Companies must always pay attention and develop structural capital, human capital and customer capital. Intellectual capital is a very valuable asset for the company. There is a research gap from the results of research previously about the effect of intellectual capital on sustainable business. Akhtar et al. (2015), stated that intellectual capital has a significant positive effect on sustainable business SME. Astuti and Sabeni (2005) stated a different result, where intellectual capital has no effect on sustainable business. Based on the description, the following hypothesis can be proposed:

H_9: Financial performance mediates the impact of intellectual capital on sustainable business.

2.10. Financial performance mediated the impact of company size on sustainable business

The greater the size of a company, the bigger tendency for more investors to pay attention to the company. This is because large companies' tendency may lead to stable conditions. And these conditions can increase the price stock of company on the stock market. Thus, the company will become more sustainable. There is a research gap from research previously, about the effect of company size on sustainable business. Waluyo (2017) stated that the company size reflected by total assets has a significant effect on the sustainable business, while Swandari and Sadikin (2016) stated that company size has no effect on sustainable business. Based on the description, the following hypotheses can be proposed:

H_{10}: Financial performance mediates the impact of firm size on Sustainable Business.

3. Methods

3.1. Research design

Based on the literature review described earlier, a research framework can be developed that explains the relationship between independent variables and dependent variable and financial performance as an intervening variable shown in Fig. 1 as follows:

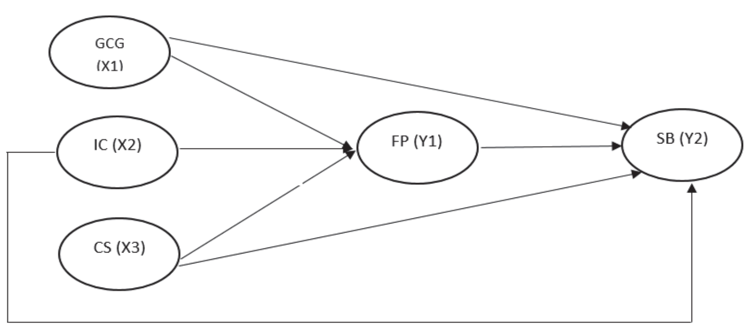

Fig. 1. Research Framework

GCG (X1): Good corporate governance
IC (X2) : Intellectual capital
FP (Y1) : Financial performance
SB (Y2) : Sustainable business
CS (X3) : Company size

3.2. Population and sample

The type of data in this study is secondary data. The data is derived from reports of corporate governance, annual report and financial statements of the Islamic banks from 2010 to 2018. The variables of the study are corporate governance as independent variable (X1), intellectual capital as independent variable (X2), firm size as independent variable (X3), financial performance as dependent variable and as intervening variable (Y1), and business sustainability as dependent variable (Y2).

The criteria of population determination in this study as follows:

1. Islamic banks that published corporate governance reports for the period 2010-2018.
2. Islamic banks that published annual reports for period 2010 – 2018.
3. Islamic banks that published the financial statements for periods 2010 -2018.

From the above criteria, Islamic banks which are the population of this study are 9 (nine) Islamic banks. The sample in this study uses the census method, thus all the population became the sample in this study. The 9 (nine) samples in this study are: 1. Bank Muamalat; 2. Bank Mandiri Syariah; 3. Bank Mega Syariah; 4. Bank BRI Syariah; 5. Bank BNI Syariah; 6. Bank Bukopin Syariah; 7. Bank BCA Syariah; 8. Bank Panin Shariah; 9. Bank Victoria Shariah.

3.3. Data analysis technique

This research uses partial least square (PLS) data analysis technique. The reason to use PLS is PLS is more predictive model and is a powerful analysis method because it is not based on many assumptions (Ghozali, 2014). PLS is a method of analysis that is soft modeling since it does not assume the data must be with a certain scale measurement, which means the number of samples can be small. There are several reasons that cause PLS use in a study. In this study the reasons are: (1). PLS is a data analysis method based on the assumption that the sample does not have to be large, i.e. the number of samples less than 100 can be analyzed, and the residual distribution. (2). PLS can be used to analyze theories that are still said to be weak, because PLS can be used for predictions. (3). PLS enables algorithms by using ordinary least square (OLS) series analysis so that the efficiency of the calculation of the algorithm is obtained. (4). In the PLS approach it is assumed that all variance measures can be used to explain (Ghozali, 2014).

3.4. Variable Measurement

The variables in this study consisted of independent variables, namely corporate governance, intellectual capital, and company size. Furthermore, financial performance as an intervening variable and sustainable business as the dependent variable. The items of the research variable as shown in Table 1 below:

Table 1
Research Variables

Type of variable	Variable	Items
Independent Variable (X1)	Good Corporate Governance	Implementation of the duties and responsibilities of the board of commissioners Implementation of the duties and responsibilities of directors Completeness and implementation of the committee's duties Implementation of the duties and responsibilities of the sharia supervisory board Implementation of sharia principles in the activities of raising funds and channeling funds and services Handling conflicts of interest Application of bank compliance functions Implementation of the internal audit function Application of the external audit function The maximum limit for channeling funds Transparency of financial and non-financial conditions, GCG implementation reports and internal reporting
Independent Variable (X2)	Intellectual Capital	Human Capital (HC) Structural Capital (SC) Capital Employes (CE)
Independent Variable (X3)	Company Size	Total asset
Intervening Variable (Y1)	Financial Performance	Return on asset
Dependent Variable (Y2)	Sustainable Business	Economic performance Social performance Environmental performance

4. Results and discussions

4.1. Validity and Reliability Test

Validity and reliability tests for all variables in this study can be seen from the results of convergent validity, discriminant validity and composite reliability, as shown in Table 2 below.

Table 2
Convergent Validity Test

	GCG	IC	CS	FP	SB
X1.1	0.950				
X1.2	0.962				
X1.3	0.793				
X1.4	0.779				
X1.5	0.965				
X1.6	0.815				
X1.7	0.934				
X1.8	0.936				
X1.9	0.967				
X2.1		0.795			
X2.2		0.844			
X2.3		0.855			
X3			1.000		
Y1				1.000	
Y2.1					0.981
Y2.2					0.942
Y2.3					0.967

(data processed 2019)

Based on Table 2, it can be explained that the results of convergent validity test of variables corporate governance, intellectual capital, company size, financial performance and sustainable business yield outer loading indicator variables valued> 0.50. Thus, it can be concluded that the measurement of indicators for each variable is in accordance with the convergent validity test.

Table 3
AVE, Reliability and Cronbach Alpha Test

Variable	AVE	Composite Reliability	Cronbach Alpha
X1	0.826	0.981	0.978
X2	0.694	0.872	0.792
X3	1.000	1.000	1.000
Y1	1.000	1.000	1.000
Y2	0.928	0.975	0.961

(data processed 2019)

Based on Table 3, it can be explained that the composite reliability test of variables corporate governance, intellectual capital, company size, financial performance and sustainable business show Cronbach value> 0.50. Thus, it can be concluded that the measurement of indicators for each variable has met the composite reliability test.

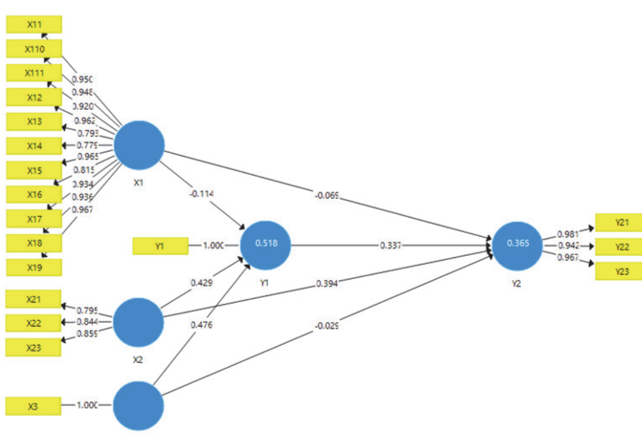

Fig. 2. Hypothesis test

The result of discriminant validity test can be seen from the average root variance extracted (AVE) root value which has a higher value than the correlation value among other constructs, it shows that each variable has a high discriminant validity. The Cronbach alpha value for each variable has a value> 0.70. This shows that all variables have reliability value very strong. This study uses partial least square analysis (PLS) Smart PLS 3.0. The PLS model as shown in Fig. 2. Based on data processed by PLS, the value R-Square can be shown in Table 4 below.

Table 4
The results of R-Square values

Variable	R-Square
Good Corporate Governance (X1)	
Intellectual Capital (X2)	
Company size (X3)	
Financial Performance (Y1)	0.518
Sustainable Business (Y2)	0.635

(data processed 2019)

Based on the calculations in Table 4, to test the feasibility of the model using value the Q-square predictive-relevance (Q2), the formula and the results of the Q-square calculation is: $Q^2 = 1 – (1 –R_1^2) (1 – R_2^2)= 1 – (1 – 0.518^2) (1- 0.635^2) = 0.7423866$ = 74.23 %. The calculation result shows a predictive-relevance (Q2) Q-square value of 74.23%. Q-square predictive-relevance (Q2) value of 74.23%, which shows that the model was built well because it has a predictive relevance of 74.23%. Thus, the model built is worthy for hypothesis testing. In Table 5 t-test for direct impacts after a test of AVE, composite reliability and Cronbach alpha are shown for testing the hypotheses. Based on the data processing, the form of total impacts is shown in Table 5. In hypothesis testing, if the coefficient path shown by p-value < 5% (0,05), then the alternative hypothesis can be stated as supported. Nevertheless, if the statistical value of p-value >5% (0,05), then the alternative hypothesis is not supported. And if the coefficient Sobel test > 1.96 then the alternative hypothesis is supported, nevertheless, if the statistical Sobel test <1.96, the alternative hypothesis is not supported.

Table 5
Recapitulation of Result

Hypothesis	Effect Between Variable	Path Coefficient	P-Value	Sobel test	Result
	Direct Effect				
H1	GCG → FP	0.114	0.036		significant
H2	IC → FP	0.429	0.000		Significant
H3	CS → FP	0.476	0.000		significant
H4	GCG → SB	0.065	0.063		No significant
H5	IC → SB	0.394	0.011		Significant
H6	CS → SB	0.029	0.084		No significant
H7	FP → SB	0.337	0.016		significant
	Indirect Effect				
H8	GCG → FP	0.114	0.0366	3.786	significant
	FP → SB	0.337	0.016		
H9	IC → FP	0.429	0.000	2.084	significant
	FP → SB	0.337	0.016		
H10	FP → SB	0.337	0.016		significant

(data processed 2019)

4.2. The impact of corporate governance on financial performance

The result showed that the testing of the hypothesis (H1) which stated that the P-value the impact of corporate governance on financial performance shows 0.036 <0.08, thus it can be said that corporate governance has a significant effect on financial performance. The results of this study are in line with the research by Rehman and Mangla (2012) that stated "corporate governance has a significant effect on corporate performance in banking sector", and Haider et al. (2015) that stated the same conclusion. In line with Siswanti (2016), corporate governance has a significant effect on performance of Islamic banks in Indonesia. Corporate governance can improve financial performance. The application of corporate governance principles is a must for Islamic banks. This is more aimed at the existence of public accountability related to bank operations that are expected to truly comply with the provisions set by the central bank. The implementation of corporate governance in Islamic banks can increase public confidence in Islamic banks and provide a good image for Islamic banks, which of course has an impact on the financial performance and sustainability of Islamic banks in Indonesia.

4.3. The impact of intellectual capital on financial performance

The result showed intellectual capital has a significant effect on financial performance. The results of the study are in line with the research by Bontis et al. (2000) who stated that intellectual capital has a significant effect on business performance in Malaysia; Firer and Williams (2003) and Chen et al. (2005) who reached the same conclusion. Kurfi et al. (2017), stated that there is a significant positive effect of intellectual capital on company performance as measured by profitability, productivity and market valuation. Okenwa et al. (2017), stated that intellectual capital has a significant positive effect on the financial performance of the company. Nawaz and Haniffa (2017), stated that intellectual capital has a significant positive effect on the financial performance of the company. Al-Hawajreh (2013), stated that structural capital (SC) has a significant positive effect on business performance. Siswanti et al. (2017), Siswanti and Sukoharsono (2019), stated that intellectual capital had a significant effect on a corporate financial performance. Based on the description and results of these studies it can be said that the hypotheses proposed in this study can be accepted. Intellectual capital has a very important role in measuring the human resources of a company. Intellectual capital is an intangible asset that is very important in the current era of information technology. It can provide many benefits for the company. Islamic banks are very concerned about the importance of intellectual capital, since intellectual capital as a non-financial factor has an important role in improving financial performance. Thus, intellectual capital is considered as a strategic asset that is important for the success of Islamic banks to create added value and sustainable competitive advantage. For Islamic banks, the existence of owned intellectual capital can provide added value to Islamic banks and this can have an impact on improving financial performance, which in turn can improve the sustainable business of Islamic banks.

4.4. The impact of company size on financial performance

Company size is the value that gives a big or small picture of a company. Ayuba et al. (2019), stated that the size of the company will affect the capital structure based on the fact that bigger company will have a high level of sales growth so that the company will be more willing to issue new shares and tend to use the amount of loans the bigger. Company size is one of the factors that influence the company's financial performance. The result showed confirms the hypothesis (H3), thus it can be said that company size has a significant effect on financial performance. The results of the study are in line with Dogan (2013), John and Adebayo (2013), who stated that company size has a significant effect on financial performance. Based on the description and the results of these studies, it can be said that the hypotheses proposed in this study can be accepted.

4.5. The impact of corporate governance on sustainable business

The result shows the testing of the hypothesis (H_4) and since the P-value effect of corporate governance on sustainable business is 0.063> 0.05, so it can be said that corporate governance has no effect on sustainable business. This is in line with the research of Aras and Crowther (2008) which states that it is not enough to prove that corporate governance would guarantee that the company will be sustainable. However, this study is not in line with the research of Janggu et al. (2014) and Hashim et al. (2015) who stated that corporate governance has a significant effect on the company sustainable business. Based on the description and results of these studies it can be said that the hypothesis proposed in this study was rejected. The implementation of corporate governance that is not optimal can affect the sustainable business of Islamic banks. The results showed that not all indicators of corporate governance in Islamic banks are run properly and optimally. This shows that it is not enough just to implement corporate governance properly and correctly, but must be implemented optimally so that it will have an impact on the sustainable business of Islamic banks.

4.6. The impact of intellectual capital on sustainable business

The result confirmed the testing of the hypothesis (H_5), thus it can be said that intellectual capital has a significant effect on sustainable business. This result is in line with Dzemyda and Jurgelevicius (2014) and Akhtar et al. (2015) who stated that intellectual capital has a significant effect on sustainable business. Based on the description and results of these studies it can be said that the hypotheses proposed in this study can be accepted. Intellectual capital is considered as the most important strategic asset for the success of Islamic banks and intellectual capital can be seen as knowledge, intellectual property and experience that can create corporate wealth. With maintaining the quality and quantity of intellectual capital, the financial performance of Islamic banks can improve, and ultimately have an impact on the sustainable business of Islamic banks.

4.7. The impact of company size on sustainable business

Ayuba et al. (2019), stated the size of the company is a value that gives a big or small picture of a company. Large companies tend to act cautiously in managing companies and tend to do financial management efficiently. Large companies will be more stable and thus it is hoped that the larger companies will be sustainable. The result for the testing of the hypothesis (H6) indicates that the P-value effect of company size on sustainable business is 0.084> 0.05, thus it can be said that company size has no effect on sustainable business. The results of this study is in line with Swandari and Sadikin (2016) who stated that company size has no effect on sustainable business in companies listed on the Indonesia Stock Exchange. However, the results of this study are in line with the research of Machdar and Nurdiniah (2018) who stated that the firm size has a significant effect on sustainable business. Based on the description and results of these study it can be said that the hypothesis proposed in the study was rejected.

4.8. The impact of financial performance on sustainable business

The result confirms the hypothesis (H7), thus it can be said that financial performance has a significant effect on sustainable business. The results of the study are in line with research: Nawaiseh (2015) who stated that the corporate performance reflected by ROA shows a significant effect on CSR disclosure; Tobing et al. (2019) who stated that financial performance has a significant effect on disclosure of sustainability reports; Siswanti et al. (2017) who mentioned that profitability (ROA) has a significant effect on sustainable business. Based on the description and results of these studies, it can be said that the hypotheses proposed in this study can be accepted. Financial performance can improve sustainable business, it shows that financial performance is the easiest factor to be measured and informed to shareholders and customers. For this reason, Islamic banks must always maintain and improve their financial performance, so that the business of Islamic banks can be sustainable.

4.9. Financial performance mediated the impact of corporate governance on sustainable business

The result showed the testing of the hypothesis (H_8) which examines the direct and indirect effects of corporate governance on sustainable business through financial performance. The results of the Sobel test show that the coefficient value of indirect effect of corporate governance on sustainable business through financial performance is 3.786> 1.96. Thus, it can be said that financial performance fully mediated the effect of corporate governance on sustainable business. To achieve sustainability from Islamic banks, it is necessary to implement good and correct corporate governance and run optimally. Corporate governance that is carried out simultaneously and comprehensively and optimally can improve the financial performance of Islamic banks, which in turn has an impact on the sustainable business of Islamic banks.

3.10. Financial performance mediated the impact of intellectual capital on sustainable business

The result examined the testing of the hypothesis (H_9) for the direct and the indirect effects of intellectual capital on sustainable business through financial performance and the results of Sobel test stated that the coefficient of indirect effect of intellectual capital on sustainable business through financial performance is 2.084> 1.96. Thus, it can be said that financial performance is partially mediated the effect of intellectual capital on sustainable business. The existence of intellectual capital as an intangible asset is one of the factors that can create the sustainability of the business of Islamic banks. By maintaining the quality and quantity of intellectual capital elements consisting of human capital, structural capital and employed capital, we can improve the financial performance of Islamic banks. Improving the financial performance of Islamic banks can help Islamic banks develop and become sustainable.

4.11. Financial performance mediated the impact of company size on sustainable business

Sustainable business is a condition when companies have sufficient funds to run and develop business. The result showed the testing the hypothesis (H_{10}) for the direct and indirect effects of firm size on sustainable business through financial performance and from the Sobel test, it is stated that the coefficient value of indirect effect of company size on sustainable business through financial performance is 3.924> 1.96. Thus, it can be said that financial performance fully mediated the effect of company size on sustainable business.

5. Conclusion

Based on the above research results it can be concluded that corporate governance has a significant effect on financial performance corporate, intellectual capital has a significant effect on financial performance corporate, company size has a significant effect on corporate financial performance, but corporate governance has no effect on sustainable business corporate. Moreover, intellectual capital has significant effect on sustainable business corporate while company size does not effect on sustainable business corporate, financial performance has a significant effect on sustainable business, financial performance can be mediated effect of corporate governance on sustainable business, financial performance can be mediated effect of intellectual capital on sustainable business and financial performance can be mediated effect of company size on sustainable business. The results of this study are expected to provide input to Islamic banks in Indonesia about the importance of implementing corporate governance since corporate governance needs to receive more attention in terms of financial figures but also it must receive more attention in terms of environmental aspects and social aspects which are known as sustainable business. Furthermore, companies that have resources in the human capital, structural capital and employed capital, if managed properly will improve the companies' financial performance. A good intellectual capital owned will encourage companies to work more effectively and efficiently can create a competitive advantage in the business world, encourage the companies' financial performance so that it can form a sustainable business. Likewise, greater total assets owned by the companies will lead to more sustainable firm. Thus, it can be said that a good corporate financial performance will be able to increase the company's ability to improve social responsibility, which in turn can improve people's welfare.

This research is limited to Islamic banks in Indonesia, where the results of this study may not be suitable for conventional banks. The variables and periods used in this study are also still limited. Based on this description, suggestions for future researchers to replicate the research model using the subject for the conventional banks by adding other variables and research periods.

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