



Islamic Corporate Governance, Maqashid Syariah Index, Capital Structure, Firm Size, and Firm Value: An Empirical Analysis

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Keywords:

Islamic Corporate Governance, Maqashid Syariah Index, Capital Structure, Firm value, Firm size

ABSTRACT

This research investigates the relationship between Islamic corporate governance, the Maghasid Syariah Index, and capital structure on firm value with firm size as a moderating variable. This research uses a quantitative approach, namely secondary data from the company's annual report. The sample used in this research was 41 Sharia Commercial Bank companies registered with the OJK during 2019-2022, according to the sample selection criteria using purposive sampling. The analytical methods used are multiple linear regression analysis and moderated regression analysis. The study results show that Islamic corporate governance and capital structure have a positive and significant effect on firm value, while the Maghasid Syariah Index does not affect firm value. The study results after the moderating variable show that firm size cannot moderate the Islamic Corporate Governance and Maghasid Syariah Index on Firm value. Meanwhile, firm size can strengthen the relationship between capital structure and firm value.

Keywords:

Tatakelola Perusahaan Islam, Indeks Maqashid Syariah, Struktur Modal, Ukuran Perusahaan

ABSTRACT

Tatakelola Perusahaan Islam, Indeks Maqashid Syariah, Struktur Modal, Ukuran Perusahaan, dan Nilai Perusahaan: Sebuah Analisis Empiris. Penelitian ini untuk menginvestigasi hubungan antara Islamic Corporate Governance, Maqashid Syariah, dan struktur modal pada nilai perusahaan dengan ukuran perusahaan sebagai variabel moderasi. Penelitian menggunakan pendekatan kuantitatif, data sekunder diperoleh dari laporan tahunan perusahaan. Sampel penelitian yaitu 41 bank yang terdaftar di OJK selama 2019-2022, menggunakan kriteria pengambilan sampel purposive sampling. Metode analisis menggunakan analisis regresi linier berganda dan analisis MRA. Penelitian mendapatkan hasil bahwa Islamic Corporate Governance dan struktur modal berpengaruh positif pada nilai perusahaan, akan tetapi indeks Maqashid Syariah tidak berpengaruh terhadap struktur modal. Hasil penelitian setelah menggunakan variabel moderasi menunjukkan bahwa ukuran perusahaan tidak dapat memoderasi Islamic Corporate Governance dan indeks Maqashid Syariah pada nilai perusahaan. Akan tetapi, ukuran perusahaan dapat memperkuat hubungan antara struktur modal dan nilai perusahaan.

INTRODUCTION

Islamic banking practices are more aligned to maximize profits rather than obtaining ethical profits (Alhammadi et al., 2022; Asutay, M. and Harningtyas, 2015; Gilani, 2015;

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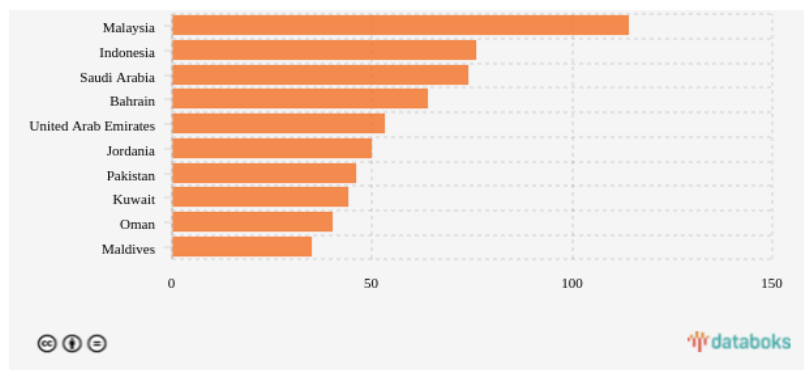
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Mukminin, 2019; Rahman & Haron, 2019). Ethical gains can be made from interest-free income and have a beneficial impact on the growth of society and the economy (Dorasamy, 2013; Nuhanović, 2014; Rahman & Haron, 2019; Ullah, 2012). Good Corporate Governance practices are needed to ensure the sustainability of Islamic banking to achieve Maqhasid Sharia with the main objective of improving the welfare of society (Asutay & Harningtyas, 2015; Jan et al., 2021; Mahyudin & Rosman, 2020; Mergaliyev et al., 2019; Siswanti et al., 2017). Mohammed & Taib (2015). For example, Maqhasid Syariah performance measurement to measure the duties and responsibilities that Islamic banking is expected to perform. The measurement not only includes unification such as financial measurement, but also many other dimensions that reflect the main objectives of Islamic banking (Mohammed & Taib, 2015; Rahman & Haron, 2019).

The implementation of Good Corporate Governance is essential as it encompasses the interests of stakeholders and facilitates effective monitoring to encourage Islamic banking to utilize resources more efficiently to achieve Maqhasid Shariah (Abdullah, 2022; Lawati, 2022; Rahman & Haron, 2019; Sencal & Asutay, 2021). In addition, Good Corporate Governance must also pay attention to the rights of all stakeholders, prioritizing fairness and reasonableness, and maintaining the rights of all stakeholders is the main thing that must be fulfilled (Rahman & Haron, 2019). The market and regulators continue to assess the performance of Islamic Banks based on asset growth and market share, meaning there is no differentiation from profit-oriented conventional banks (Jazil & Syahrudin, 2013; Pranata & Laela, 2020). About this, the development of Islamic finance is quite good in Indonesia. Based on data from databoks, it is known that Indonesia is ranked second as the country with the best Islamic financial development indicator score in 2021. This is as presented in Figure 1.

Figure 1: Countries with the Best Islamic Financial Development Indicator Scores



Source: Data books, 2024

Indonesia's economic growth is characterized by improvements in technology, communication, and information, as well as increasing innovation (Dinaroe et al., 2019). Indonesia's Islamic banking industry is growing rapidly amidst conventional banking. As shown in Figure 1, Indonesia ranks second as the country with the best Islamic financial development indicator score, after Malaysia. This is marked by the development of the number of Islamic banking industries, as recorded in the Financial Services Authority (OJK) that the number of Islamic banking industries until December 2022 is 200 consisting of 13 Islamic Commercial Banks, 20 Islamic Business Units, and 167 Islamic People's Credit Banks (OJK, n.d.). Islamic banking that stands on Islamic principles not only aims to generate maximum profit but is also expected to increase firm value.

Firm value is an indicator of the success of a company (Sulistiyo & Yuliana, 2019). The amount of firm value will affect investors' views on company performance so it will encourage investors to invest their capital (Wulandary & Serly, 2023). Islamic banking assets continued to increase throughout 2019-2022. In 2019, Islamic banking had assets of 538.32 trillion which then increased in 2020, namely to 609.90 trillion. Islamic banking assets in 2021 have also increased from the previous year. The increase in Islamic banking assets from 2020 to 2021 was 29.9 trillion, namely from 609.90 trillion to 639.8 trillion. Then in 2022, there was an increase in assets again to 802.26 trillion. The increase in Islamic banking assets does not necessarily reflect a superior market share compared to conventional banking. According to a report published by the Financial Services Authority (OJK), the market share value of Islamic banking in 2022 only reached 7.09% of the national banking market share value. Starting from these conditions, Islamic banking is required to further improve its performance to achieve company goals, namely success in increasing firm value.

One indicator in measuring firm value is Economic Value Added (EVA). EVA is a very precise measurement because it indicates the company's value of an investment (Hidayat, 2021). In addition, Islamic Corporate Governance is one of the factors that can increase firm value, and create and maintain reputation and public trust, so that a healthy and clean work environment can be created without fraud (Adiwijaya et al., 2023). Maqashid Syariah Index is also a factor that increases the value of the company to consider aspects of benefit and compliance according to Maqashid Syariah (Fitriansyah et al., 2023; Hidayat, 2021). In addition, capital structure is the next factor that affects firm value, which refers to the combination of capital (equity) and debt used to finance operational activities (Thao, 2019; Which must be used as efficiently as possible by considering the capital and debt (Fauziah & Rafiqoh, 2021). Firm size is a moderating variable in this study, due to the growth of Islamic banking assets which continues to increase every year. Large companies will also be seen as better and have promising prospects, which can increase firm value and increase investor confidence (Nursetya & Nur Hidayati, 2021).

This research refers to research conducted by (Oktaviana et al., 2021). The difference with this study is that the researcher replaced one of the independent variables that did not have an effect with the capital structure variable which might affect firm value. Another difference also lies in the period used, where previous studies use the 2014-2018 period, while this study is in the 2020-2023 period. Starting from previous research which still has inconsistencies between independent variables, researchers are interested in re-examining firm value. Starting from the previous research, there are still inconsistencies between the independent variables, making researchers interested in re-examining the value of the company. Starting from the previous research, there are still inconsistencies between the independent variables, making researchers interested in re-examining the value of the company.

LITERATURE REVIEW

Signaling Theory

Signaling theory is a general concept for understanding firm value. In general, signaling is a concept that describes activities in the form of information coming from company management to investors regarding the conditions experienced by the company. This information can be in the form of financial reports, accountability reports, and any reports that management has done so that later investors will hear it and then process and interpret it as good or bad news in considering making investments (Houston, 2006).



Islamic Corporate Governance

Islamic Corporate Governance is a mechanism that regulates the relationship between various parties in a company so that rights and responsibilities run well by Islamic values in connection with worship towards the path blessed by Allah (Hartono, 2014).

Maqashid Syariah Index

Maqashid Syariah Index has the aim of realizing the values of Islamic teachings in a company, to create benefits and be able to take benefits and reject harmful things (Sholichah, 2022; Zahrah, 1997). Explains that the purpose of Sharia law has three main objectives, namely educating individuals, upholding justice, and producing benefits.

Capital

Structure

Mahardika defines capital structure as a comparison expressed as a ratio of long-term debt to equity. Companies usually have two sources of funding, namely external and internal. The company's internal financing source is its capital, while external funding comes from debt (Mahardika, 2022).

Firm value

Firm value is a reflection of the achievement of the extent of public trust in the bank for bank operations for several years from the establishment of the bank until the future (Dessy Fitria, 2021). Every company wants a high firm value and a good future so that investors will be interested in investing their capital because it is considered to be able to improve investor welfare (Sabela & Purnamasari, 2023).

Firm size

Firm size is defined as a measure that can classify the size of a company in various ways, such as total assets, stock market value, and others (Nugraha et al., 2021). Companies that have a large size are considered more efficient and able to generate profits and stability. Small companies are considered more risky because they have less control over the market, so large companies are far superior to small companies in terms of economic competition (Hanifa Pingkan et al., 2022).

METHODOLOGY

This research uses a quantitative approach. The research focused on Islamic Commercial Bank companies registered with the Financial Services Authority from 2019 to 2022. The sample was selected using purposive sampling with the criteria of having published annual reports and good corporate governance reports from 2019 to 2022. The consideration of using data from 2019-2022 is because the year of research implementation is 2023.

It is known that the total population is 56 companies, but after the sample selection process, 41 companies were obtained. The following table shows the results of the sample selection process in accordance with the criteria applied:



Table 1: Research Sample Calculation

No.	Criteria	Total
1.	Islamic Commercial Banks registered with OJK from 2019 to 2022	56
2.	Islamic Commercial Banks that do not consistently publish Annual Reports and Good Corporate Governance reports from 2019 – 2022	(15)
Number of sample companies		41

Source: Processed data, 2023

Based on the sample selection process, there are 56 Islamic Commercial Banks registered with the Financial Services Authority. However, only 41 banks meet the sample criteria.

Operational Definition

Firm Value

Firm value in this study acts as the dependent variable, which the independent variable will affect. The firm value in this study is proxied using the Economic Value Added (EVA) method. The EVA calculation formula is as follows:

$$\text{EVA} = \text{NOPAT} - \text{WACC} \times \text{Invested capital}$$

Islamic Corporate Governance

Islamic Corporate Governance in this study acts as an independent variable, which causes changes in the dependent variable. Islamic Corporate Governance in this study is proxied using the signs of Good Governance For Sharia Business (GGBS) as Islamic Corporate Governance issued by the KNKG as a general guideline for GGBS, which totals 47 indicators (KNKG, n.d.). The Islamic Corporate Governance calculation formula is as follows:

$$\text{ICG} = \frac{\text{Jumlah skor yang dipenuhi}}{\text{Jumlah skor maksimum}}$$

Maqashid Syariah Index

Maqashid Syariah Index in this study acts as an independent variable, which causes changes in the dependent variable. Maqashid Syariah Index in this study is proxied on the three concepts of Abu Zahrah which have been developed by (Taib, 2015). The following is the formula for calculating the Maqashid Syariah Index:

$$\text{Maqashid Syariah Index Performance Ratio} = (\text{IK I} + \text{IK II} + \text{IK III})$$

Capital Structure

Capital Structure in this study acts as an independent variable, which causes changes in the dependent variable. The capital structure in this study is proxied by the DER ratio, which is the balance between debt and equity funding in a company (Junaidi, 2022b). The following is the DER calculation formula:

$$\text{DER} = \frac{\text{Total Utang}}{\text{Total Ekuitas}} \times 100\%$$



Firm Size

Firm size in this study acts as a moderating variable, which strengthens or weakens the relationship between the independent variable and the dependent variable. The size of the company in this study is proxied by the total assets of the company. The following is the formula for calculating firm size:

$$\text{Firm size} = \text{LnAsset (total assets)}$$

Data Analysis Technique

The data analysis technique used in this research is quantitative data analysis using the Multiple Linear Regression Analysis model and Moderated Regression Analysis (MRA). Data processing in this study was carried out with the help of the IBM SPSS Statistics 26 application. However, before that several assumptions must be met.

RESULT AND DISCUSSION

Result

Descriptive Statistical Analysis

Table 2: Descriptive Statistics Results

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Islamic Corporate Governance	39	,851	,957	,91262	,027953
Maqashid Syariah Index	39	,151	,438	,30449	,071301
Capital Structure	39	,085	1,841	,67528	,446917
Firm value	39	-38726	312239	53228,62	67401,929
Firm size	39	14,591	17,932	16,40854	,765220
Valid N (listwise)	39				

Source: Results of data processing SPSS Statistics 26, 2024

In the table presented the smallest Islamic Corporate Governance value is 0.851 and the largest is 0.957 with an average of 0.91262 and a standard deviation of 0.027953. Maqashid Syariah Index has the smallest value of 0.151 and the largest is 0.438 with an average of 0.30449 and a standard deviation of 0.71301. Capital Structure with the smallest value of 0.085 and the highest of 1.841 with an average of 0.67528 and a standard deviation of 0.446917. Firm value has the smallest value of -38726 and the highest (max) 312239 with an average of 53228.62 and a standard deviation of 67401.929. In the value of firm size, the smallest value is 14.591 and the largest (max) is 17.932 with an average of 16.40854 and a standard deviation of 0.765220.



Normality Test

Table 3: Normality Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		39
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	56359,37463290
Most Extreme Differences	Absolute	,131
	Positive	,131
	Negative	-,097
Test Statistic		,131
Asymp. Sig. (2-tailed)		,089 ^c

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

Source: Results of data processing SPSS Statistics 26, 2024

Based on the One-Sample Kolmogorov-Smirnov table, the significance value of Asymp. Sig. (2-tailed) is 0.089, while the significance used is 0.05. These results indicate that the data can be interpreted as normally distributed because of the significance value of Asymp. Sig. (2-tailed) is greater than 0.05 ($0.089 > 0.05$).

Multicollinearity Test

Table 4: Multicollinearity Test
Coefficients

Model		Collinearity Statistics	
		Tolerance	VIF
1	Islamic Corporate Governance	,837	1,195
	Maqashid Syariah Index	,940	1,064
	Capital Structure	,947	1,056
	Firm size	,836	1,196

a. Dependent Variable: Firm value

Source: Results of data processing SPSS Statistics 26, 2024

Based on the table, it can be seen that the four variables have a tolerance value > 0.10 and a *variance inflation factor* (VIF) value < 10.00 . These results can be concluded that the regression model does not show symptoms of multicollinearity.



*Heteroscedasticity Test***Table 5: Heteroscedasticity Test**

Model	Coefficients		Standardized Coefficients Beta	t	Sig.
	Unstandardized Coefficients B	Std. Error			
1 (Constant)	-202888,073	226008,652		-,898	,376
Islamic Corporate Governance	108182,690	257507,487	,075	,420	,677
Maqashid Syariah Index	55010,259	95272,230	,097	,577	,567
Capital Structure	17985,517	15139,415	,200	1,188	,243
Firm size	6959,189	9412,030	,132	,739	,465

a. Dependent Variable: ABSRES

Source: Results of data processing SPSS Statistics 26, 2024

Based on table 5 using the glejser test, shows that the Sig. Value of Islamic Corporate Governance, Maqashid Syariah Index, Capital Structure, and Firm size exceeds 0.05 which means that there is no heteroscedasticity problem.

*Autocorrelation Test***Table 6: Autocorrelation Test**

Model	Model Summary				Std. Error of the Estimate	Durbin-Watson
	R	R Square	Adjusted R Square			
1	,548 ^a	,301	,219		59582,470	1,749

a. Predictors: (Constant), Firm size, Capital Structure, Maqashid Syariah Index, Islamic Corporate Governance

b. Dependent Variable: Firm value

Source: Results of data processing SPSS 26 Statistics, 2024

Based on the model summary table, it can be seen that the Durbin-Wanston value is 1.749 with the number of data (N) 38 and the number of independent variables (k) 4 so that the dU value is 1.7223. This result shows that the d value is between the dU and 4-dU values, namely $1.7223 < 1.749 < 2.2777$. It can be concluded that the regression model does not have an autocorrelation problem.

*Multiple Linear Regression Analysis Test***Table 7: Multiple Linear Regression Analysis**

Model	Coefficients		Standardized Coefficients Beta	t	Sig.
	Unstandardized Coefficients B	Std. Error			
1 (Constant)	-782354,849	322179,780		-2,428	,020
Islamic Corporate Governance	853844,598	348351,194	,354	2,451	,019
Maqashid Syariah Index	68074,421	139757,355	,072	,487	,629
Capital Structure	52754,193	22300,926	,350	2,366	,024

a. Dependent Variable: Firm value

Source: Results of data processing SPSS 26 Statistics, 2024

Based on Table 4.7 above, the results of multiple linear analysis equations are obtained as follows:

$$Y = a + b X_{11} + b X_{22} + b X_{33} + e$$

$$Y = -782354.849 + 853844.598X_1 + 68074.421X_2 + 52754.193X_3$$

Based on the regression equation, it can be interpreted as follows:

First, the value of a = -782354,849 means that if the independent variable is considered constant, the dependent variable will be worth -782354,849.

Second, the regression coefficient value of variable X1 is 853844.598, which means that every time there is a 1% increase in variable X1, variable Y will increase by 853844.598.

Third, the regression coefficient value of the X2 variable is 68074.421, which means that every time there is a 1% increase in the X2 variable, the Y variable will increase by 68074.421.

Fourth, the regression coefficient value of the X3 variable is 52754.193, meaning that for every 1% increase in the X3 variable, the Y variable will increase by 52754.193.

Moderated Regression Analysis (MRA) Test

Table 8: Moderated Regression Analysis Results

		Coefficients		Standardized Coefficients Beta	t	Sig.
Model		Unstandardized Coefficients B	Std. Error			
1	(Constant)	12501572,900	8142542,179		1,535	,135
	Islamic Corporate Governance	-12587920,306	8734785,305	-5,220	-1,441	,160
	Maqashid Syariah Index	-2087266,540	1982764,921	-2,208	-1,053	,301
	Capital Structure	-1396821,829	437912,790	-9,262	-3,190	,003
	Firm size	-796437,351	501196,561	-9,042	-1,589	,122
	ICG*Firm size	804817,999	537487,725	11,575	1,497	,144
	MSI*Firm size	126978,577	120215,099	2,290	1,056	,299
	Capital Structure* Firm Size	89682,803	26991,445	9,663	3,323	,002

a. Dependent Variable: Firm value

Source: Results of data processing SPSS 26 Statistics, 2024

Based on Table 8 above, the results of the Moderated Regression Analysis equation are obtained as follows:

$$Y = a + b X_{11} + b X + b X + b Z + b X Z + b_{2233} X Z + b XZ + e$$

$$Y = 12501572,90 + (-12587920,3X_1) + (-2087266,540X_2) + (-1396821,829X_3) + (-796437,351Z) + (-47095,905X_1 *Z) + 126978,577X_2 *Z + 89682,803X_3 *Z + e$$

Based on the regression equation, it can be interpreted as follows:

First, the value of a = 12501572.90, which means that if the independent variable is considered constant, the dependent variable will be 12501572.90.



Second, the regression coefficient value of variable X1 is -12587920.3, meaning that for every 1% increase in variable X1, variable Y will decrease by -12587920.3.

Third, the regression coefficient value of the X2 variable is -2087266,540, which means that every time there is a 1% increase in the X2 variable, the Y variable will decrease by -2087266,540.

Fourth, the regression coefficient value of variable X3 is -1396821,829, which means that for every 1% increase in variable X3, variable Y will decrease by -1396821,829.

Fifth, the regression coefficient value of variable Z is -796437,351, meaning that for every 1% increase in variable X3, variable Y will decrease by -796437,351.

Sixth, the regression coefficient value of the X1 * Z interaction variable is 804817.999, meaning that every time there is an increase in the interaction between variables X1 and Z by 1%, variable Y will increase by 804817.999.

Seventh, the regression coefficient value of the X2 * Z interaction variable is 126978.577, meaning that every time there is an increase in the interaction between the X2 variable and Z by 1%, the Y variable will increase by 126978.577.

Eighth, the regression coefficient value of the X3 * Z interaction variable is 89682.803, which means that every time there is an increase in the interaction between variable X3 and Z by 1%, variable Y will increase by 89682.803.

Test Coefficient of Determination (R2)

Table 9: Coefficient of Determination of Regression Model 1
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,523 ^a	,273	,211	59879,865

a. Predictors: (Constant), Capital Structure, Islamic Corporate Governance, Maqashid Syariah Index

Source: Results of data processing SPSS Statistics 26, 2024

Based on the Regression Model Summary, it can be seen that the Adjusted R Square value is 0.211 or equal to 21.1%. These results mean that the independent variables (Islamic Corporate Governance, Maqashid Syariah Index, and Capital Structure) can explain how much influence the dependent variable (Firm value) by 21.1%. The remaining 78.9% is influenced by other variables not included in this study.

Table 10: Coefficient of Determination of Moderation Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,738 ^a	,544	,441	50376,162

a. Predictors: (Constant), Capital Structure* Firm size, Firm size, Maqashid Syariah Index, Islamic Corporate Governance, MSI* Firm size, Capital Structure, ICG* Firm size

Source: Results of data processing SPSS Statistics 26, 2024



Based on the Moderation Model Summary Model table, it can be seen that the Adjusted R Square value is 0.441 or equal to 44.1%, while the coefficient of determination from the Regression Model I Adjusted R Square value is only 21.1%. This shows that there is an increase compared to the previous model. This means that the presence of moderation variables (Firm size) will be able to strengthen the influence of Islamic Corporate Governance variables, Maqashid Syariah Index, and Capital Structure on Firm Value.

F Test (Simultaneous)

Table 11: F Statistical Test Results Regression Model I

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	47138821497,466	3	15712940499,155	4,382	,010 ^b
	Residuals	125495937399,765	35	3585598211,422		
	Total	172634758897,231	38			

a. Dependent Variable: Firm value

b. Predictors: (Constant), Capital Structure, Islamic Corporate Governance, Maqashid Syariah Index

Source: Results of data processing SPSS Statistics 26, 2024

Based on the statistical test table f regression model I, it can be seen that the Fcount value of 4.382 is greater than the Ftable value of 2.87 and the Sig value. 0.010 is smaller than 0.05. This means that the variables of Islamic Corporate Governance, Maqashid Syariah Index, and Capital Structure simultaneously affect Firm Value.

Table 12: F Statistical Test Results Moderation Model

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	93964269877,603	7	13423467125,372	5,289	,000 ^b
	Residuals	78670489019,628	31	2537757710,311		
	Total	172634758897,231	38			

a. Dependent Variable: Firm value

b. Predictors: (Constant), Capital Structure* Firm size, Firm size, Maqashid Syariah Index, Islamic Corporate Governance, MSI* Firm size, Capital Structure, ICG* Firm size

Source: Results of data processing SPSS Statistics 26, 2024

Based on the moderation model f statistical test table, it can be seen that the Fcount value of 5.289 is greater than the Ftable value of 2.87 and the Sig value. 0.00 is smaller than 0.05. This means that the variables of Islamic Corporate Governance, Maqashid Syariah Index, Capital Structure, and the interaction between ICG with Firm size, MSI with Firm size, and Capital Structure with Firm size simultaneously affect Firm value.

T Test (Partial)

- a. The results of the T-test on the Islamic Corporate Governance variable obtained a Sig value. 0.019 is smaller than 0.05 and the Thitung value of 2.451 is greater than Table 2.03224. This shows that Islamic Corporate Governance has a positive and significant effect on Firm Value.
- b. The results of the T-test on the Maqashid Syariah Index variable obtained a Sig value. 0.629 is greater than 0.05 and the Thitung value of 0.487 is smaller than Table 2.03224. This shows that the Maqashid Syariah Index does not affect Firm Value.
- c. The result of the T-test on the Capital Structure variable obtained Sig. 0.024 is smaller than 0.05 and the value of Thitung 2.366 is greater than Table 2.03224. This shows that Capital Structure has a positive and significant effect on Firm Value.
- d. The results of the T-test on the interaction variable of Islamic Corporate Governance with Firm size obtained a Sig value. 0.144 is greater than 0.05 and the value of Thitung 1.497 is smaller than the T table 2.03224. This shows that Firm size cannot moderate the relationship between Islamic Corporate Governance and Firm value.
- e. The results of the T-test on the interaction variable of the Maqashid Syariah Index with Firm size obtained a Sig value. 0.299 is greater than 0.05 and the Thitung value of 1.056 is smaller than Table 2.03224. This shows that Firm size cannot moderate the relationship between the Maqashid Syariah Index and Firm value.
- f. The result of the T-test on the interaction variable of Capital Structure with Firm size obtained Sig. 0.002 is smaller than 0.05 and the value of Thitung 3.323 is greater than Table 2.03224. This shows that Firm size can moderate the relationship between Capital Structure and Firm Value.

Discussion*The Effect of Islamic Corporate Governance on Firm value*

The test results show that Islamic Corporate Governance affects Firm Value. This is evidenced by the acquisition of the t-test value with a t count greater than the t table ($2.451 > 2.03224$) and a significance value smaller than 0.05 ($0.019 < 0.05$). So, the first hypothesis (H1) is accepted, which means it shows that Islamic Corporate Governance has a positive and significant effect on Firm Value.

The existence of the influence of Islamic Corporate Governance on Firm Value is consistent with the signal theory put forward by (Spence, 1973). Signaling theory is based on the assumption that the information received by both parties is not the same. In terms of signal theory, Islamic Corporate Governance is a positive signal given by the company to external parties. This is because the better the implementation of Islamic Corporate Governance in a company will indicate that the company's prospects are getting better so that it will attract investors to invest their capital.

This study obtained results that are consistent with research conducted by (Wahyuni et al., 2019) and (Biçer & Şit, 2023). This shows that Islamic Corporate Governance affects Firm value, which means that if the implementation of Islamic Corporate Governance is getting better, the Firm value will also increase.

Effect of Maqashid Syariah Index on Firm value

The test results show that the Maqashid Syariah Index has no effect on Firm Value. This is evidenced by the acquisition of the t-test value with a t count smaller than the t table ($0.487 < 2.03224$) and a significance value greater than 0.05 ($0.629 > 0.05$). So, the second hypothesis



(H2) is rejected, which means it shows that the Maqashid Syariah Index does not affect Firm Value.

The absence of the effect of the Maqashid Syariah Index on Firm Value is inconsistent with signal theory which states that the signal of increasing Maqashid sharia can affect firm value because it protects interested parties. One of the reasons why MSI does not affect firm value is because there are several elements of the MSI concept that have not been fulfilled. Another reason is that many stakeholders consider cooperation in the calculation of various parties, where profit-oriented economic factors play a greater role than economic factors that are not entirely profit-oriented (Adiwijaya et al., 2023). This means the application of the Maqashid Syariah Index does not affect firm value.

This research is inconsistent with research from (Wahyuni et al., 2020) and (Hidayat, 2021) Which found that the Maqashid Syariah Index affects firm value. However, this research is consistent with research conducted by Junaidi in 2022 which suggests that the Maqashid Syariah Index has no effect on Firm Value (Junaidi, 2022a).

Effect of Capital Structure on Firm Value

The test results show that Capital Structure affects Firm Value. This is evidenced by the acquisition of a t-test value with a t count greater than the t table ($2.366 > 2.03224$) and a significance value smaller than 0.05 ($0.024 < 0.05$). So, the third hypothesis (H3) is accepted, which means it shows that Capital Structure has a positive and significant effect on Firm Value.

The influence of Capital Structure on Firm Value is consistent with the signal theory proposed by (Spence, 1973). *Signaling theory* is based on the assumption that the information received by both parties is not the same. In terms of signal theory, Capital Structure is a positive signal given by the company to the external party of the company. This is because the more optimal use of the company's capital indicates that the company will create good long-term performance and protect the company from losses so that it will attract investors to invest their capital.

This research is consistent with research conducted by (Armana & Purbawangsa, 2021) and (Thao, 2019). This found that capital structure affects firm value, which if you do optimal capital financing, will affect the increase in Firm Value.

The Effect of Islamic Corporate Governance on Firm Value with Firm Size as a Moderating Variable

The test results show that Firm size cannot moderate the relationship between Islamic Corporate Governance on Firm Value. This is evidenced by the acquisition of a t-test value with a t count less than the t table ($1.497 < 2.03224$) and a significance value greater than 0.05 ($0.144 > 0.05$). So, the fourth hypothesis (H4) is rejected, which means it shows that Firm size cannot moderate the relationship between Islamic Corporate Governance on Firm Value.

The absence of the effect of Islamic Corporate Governance on Firm Value is inconsistent with signal theory which states that firm size can be a signal that will strengthen Islamic Corporate Governance on firm value. This is because the size of a company will not guarantee that the company will implement better Islamic Corporate Governance. The results of this study are also not in line with research from (Oktaviana et al., 2021). This suggests that Firm size can moderate the relationship between Islamic Corporate Governance and Firm Value.

The Effect of Maqashid Syariah Index on Firm Value with Firm Size as a Moderating Variable

The test results show that Firm size cannot moderate the relationship between the Maqashid Syariah Index to Firm value. This is evidenced by the acquisition of the t-test value



with a t count smaller than the t table ($1.056 < 2.03224$) and a significance value greater than 0.05 ($0.299 > 0.05$). So, the fifth hypothesis (H5) is rejected, which means it shows that Firm size cannot moderate the relationship between the Maqashid Syariah Index and Firm value.

The absence of the effect of the Maqashid Syariah Index on Firm Value is inconsistent with signal theory which states that the existence of Firm size can be a signal that will strengthen the Maqashid Syariah Index on Firm Value. This means that the size of a company will not strengthen or weaken the relationship between the Maqashid Syariah Index and Firm Value. This means that a company that has large assets will not guarantee that the company will implement maqashid sharia better, and vice versa, if the company has small assets, it does not necessarily mean that the maqashid implementation in the company is getting lower. The results of this study are also not in line with research from (Oktaviana et al., 2021). This suggests that Firm size can moderate the relationship between the Maqashid Syariah Index and Firm value

The Effect of Capital Structure on Firm Value with Firm Size as a Moderating Variable

The test results show that Firm size can moderate the relationship between Capital Structure and Firm Value. This is evidenced by the acquisition of the t-test value with a t count greater than the t table ($3.323 > 2.03224$) and a significance value smaller than 0.05 ($0.002 < 0.05$). So, the sixth hypothesis (H6) is accepted, which means it shows that Firm size can moderate the relationship between Capital Structure and Firm Value.

The role of Firm size as a moderating relationship between Capital Structure and Firm Value is consistent with the signal theory proposed by (Spence, 1973). Signaling theory is based on the assumption that the information received by both parties is not the same. In terms of signal theory, the size of the company that continues to grow will strengthen the profit signal to investors. The reason is that when the assets of a company increase, it can automatically affect the management funding used by the company to maximize firm value. This means that the larger the size of the company indicates that the company is doing better financial management which will increase the company's value (Santoso & Susilowati, 2020).

This research is consistent with research conducted by (Fahri et al., 2022). This found that firm size can moderate the relationship between capital structure and firm value, where the larger the size of the company, the easier it will be for the company to gain trust and get financing from debt to facilitate its productivity so that it will increase the Company's value.

CONCLUSIONS

Based on the results evidence that Islamic Corporate Governance and Capital Structure have a positive and significant effect on Firm Value at Islamic Commercial Banks registered in the OJK during 2019 - 2022. However, the Maqashid Syariah Index variable found evidence of no effect on Firm Value at Islamic Commercial Banks registered in the OJK during 2019-2022. These results are different again after the emergence of Firm size as a moderating variable. Where evidence is found that Firm size can moderate the relationship between Capital Structure and Firm Value. However, Firm size cannot moderate the relationship between Islamic Corporate Governance and the Maqashid Syariah Index on Firm Value.

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