

# The Role of Green Intellectual Capital Towards Masuliyyah Improving Environmental

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**Abstrak.** Dalam aspek lingkungan, perusahaan berusaha mencapai tingkat perlindungan lingkungan sebagai bagian dari tujuan keberlanjutan organisasi. Sementara itu, secara sosial, perusahaan juga harus memberikan manfaat bagi masyarakat agar keberadaannya memperoleh legitimasi sosial. Penelitian ini menguji pengaruh Modal Intelektual Hijau (MIH) terhadap Peningkatan Kinerja Lingkungan Masuliyyah. Dalam implementasinya, modal intelektual hijau terdiri dari Modal Struktural Hijau (MSH), Modal Manusia Hijau (MMH), dan Modal Relasional Hijau (MRH), yang mencerminkan aset-aset tidak berwujud yang dimiliki oleh perusahaan, termasuk pengetahuan, kebijaksanaan, pengalaman, dan inovasi dengan perhatian pada kesejahteraan lingkungan. Penelitian ini terkait dengan ide atau teori abstrak dan sering digunakan untuk mengembangkan konsep baru atau memberikan interpretasi baru terhadap teori yang sudah ada. Melalui analisis literatur yang komprehensif, jenis penelitian ini dapat menghasilkan model penelitian yang dapat dikembangkan dalam penelitian empiris lebih lanjut. Peran Modal Intelektual Hijau Masuliyyah adalah keberlanjutan ramah lingkungan dari modal manusia, kesan yang dirasakan oleh elemen organisasi dalam perjalanan mereka untuk menemukan dan membangun pengetahuan organisasi serta meningkatkan kinerja lingkungan organisasi dengan fokus pada kebutuhan, kenyamanan, dan lingkungan yang berkelanjutan, tetapi juga memberikan makna pembelajaran, inovasi, menjaga lingkungan yang ramah, dukungan, dan perhatian terhadap elemen organisasi untuk mencapai tujuan bersama menuju peningkatan kinerja lingkungan Masuliyyah.

**Kata kunci:** Green Intellectual Capital; Masuliyyah; Kinerja Lingkungan.

**Abstract.** Environmentally, the company tries to achieve a level of environmental protection as part of the organization's sustainability goals. Meanwhile, socially, companies must also benefit society so that their existence gains social legitimacy. This research examines the influence of Green Intellectual Capital (GIC) towards Masuliyyah Improving Environmental Performance. In its implementation, green intellectual capital consists of Green Structural Capital (GSC), Green Human Capital (GHC), and Green Relational Capital (GRC), which reflect the intangible assets owned by the company, including knowledge, wisdom, experience, and innovation with attention to environmental welfare. This research is related to abstract ideas or theories and is often used to develop new concepts or provide new interpretations of existing theories. Through comprehensive literature analysis, this kind of research can produce research models that can be developed in further empirical research. The role of Masuliyyah green intellectual capital is environmentally friendly sustainability of human capital, the impression felt by organizational elements in their journey to discover and build organizational knowledge and improve the organization's environmental performance by focusing on needs, comfort, and a sustainable environment, but also providing the meaning of learning, innovation, maintaining friendly environment, support and attention to organizational elements to achieve common goals towards masuliyyah improving environmental performance.

**Keywords:** Green Intellectual Capital; Masuliyyah; Environmental Performance.

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## Introduction

The increasing economic benefits from business activities can improve global well-being and living conditions, but they also negatively impact the environment and contribute to social inequality. Sullivan *et al.* (2018) assert that these economic gains are linked to environmental damage and social inequality, both directly and indirectly, because of company operational activities. Factors influencing business sustainability involve various aspects such as the adoption of green innovation, corporate social responsibility, green supply chains, green purchasing, green human resource management, and low-carbon development. Several mentioned studies support the importance of these aspects, including Aboelmaged and Hashem (2019) on green innovation, Jabbour & Jabbour (2016) on green supply chains, Zaid *et al.* (2018) on green human resource management, Zhang *et al.* (2018) on green purchasing, and Ma *et al.* (2019) on low carbon development. Chen (2008) emphasizes investment in intellectual capital (IC) or green intellectual capital (GIC), which are closely related to environmental protection. GIC plays a crucial role in meeting environmental management standards and enhancing a company's competitive advantage. Rahmawati *et al.* (2017), through their research on GIC, shows that GIC has a significant positive impact on improving company performance and contributing to business sustainability. Based on the findings of Susandya *et al.* (2019), GIC - GHC and GSC positively impact competitive advantage, while GRC does not affect competitive advantage.

Environmental performance is a measurable outcome of a company's environmental management system. International institutions and academic research define environmental performance as measurable results from a company's control over environmental aspects, objectives, and targets. Environmental management systems involve identifying policies, operational environmental aspects, and legal requirements and setting goals and targets to reduce environmental impact. This concept encompasses technical and organizational activities conducted by companies to minimize environmental impact

and adhere to environmental policies. The Environmental Management System (EMS) is an approach used by organizations to nurture and ensure environmental sustainability. This system includes identifying environmental policies, compliance with legal requirements, understanding operational environmental impacts, and establishing specific environmental goals and targets. Environmental management activities, in line with this definition, involve technical and organizational efforts by companies to reduce environmental impact and minimize negative influences on the surrounding natural ecosystem. This system aims to ensure that organizations operate while considering environmental balance and contribute to the preservation of natural resources. Environmental performance is defined as a multidimensional concept involving the company's outcomes impacts on stakeholders and the environment, and the principles of environmental responsibility and the company's environmental responsiveness processes that shape outcomes and impacts in the future. Environmental performance can serve as a tool to gain legitimacy and alter public perceptions of a company's negative operational impacts. A company can influence public opinion by highlighting achievements in addressing environmental issues. Additionally, companies seeking to enhance their stock value can embrace environmental social responsibility, focusing on environmental performance (Siegel, 2009).

## Research Methodology

The research carried out was a conceptual paper with objectives to develop parts of the research report that contain concepts and theories relevant to the theme being researched. The conceptual description contains a study of various theories that are appropriate to the variables studied. The research carried out is related to several abstract theories and ideas. Research is carried out to develop new concepts or to reinterpret an existing theory or idea. Comprehensive literature review can form a research model that can be developed in further empirical research. Based on this explanation, the model developed is in the following figure.

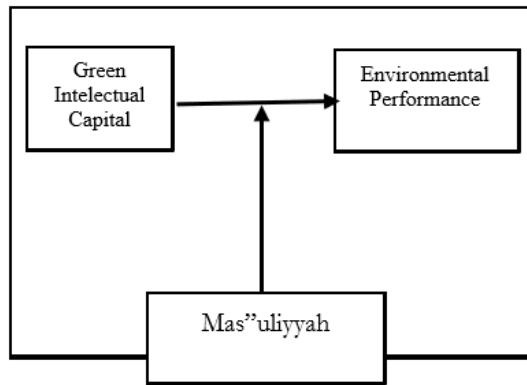


Figure 1. Conceptual Research Model

## Results and Discussion

### Green Intellectual Capital

Chen (2008) defines Green Intellectual Capital (GIC) as the integration of environmental concepts into Intellectual Capital (IC). GIC reflects a company's intangible assets, such as experience, wisdom, knowledge, and innovation in environmental protection. It aims to address previous shortcomings related to environmental issues by recognizing and leveraging the intellectual aspects associated with a company's environmental responsibility (Chen, 2008). Research related to Intellectual Capital (IC) highlights two main aspects: Intellectual Capital Measurement and Intellectual Capital Management. Intellectual Capital Measurement aims to assess intangible assets that are not visible in financial statements, such as knowledge, competence, certification, and other intellectual elements. This process involves collecting, organising, analysing, and evaluating non-financial information, and the results are considered crucial additional information in the company's financial reports (Roos & Roos, 1997).

Intellectual Capital Management focuses on managing intangible assets, including knowledge reserves and the company's ability to create value or competitive advantage. This research explores effective methods to manage intellectual elements to achieve strategic goals. Intellectual Capital Management is recognized as a potentially revolutionary force in traditional accounting systems, acknowledging the crucial role of intangible assets in determining the company's value (Edvinsson &

Malone, 1997). GHC includes employees' skills, knowledge, and commitment to environmental protection. GSC involves organizational capabilities, knowledge management systems, commitment, and intellectual property related to the environment (Chen, 2008). This classification provides a framework to understand and manage employee contributions and structural and relational elements supporting a company's efforts in environmental protection and green innovation. GRC involves the engagement of companies with suppliers, customers, partners, and network members in the development of sustainable innovations and environmental management efforts. Environmental aspects are crucial in modern business, requiring understanding GHC and its impact on business sustainability. Erinoss and Rahmawati (2017) examined the positive effects of GRC on the financial performance of companies. Company interactions with environmentally related parties can positively contribute to financial performance. According to the study by Yong *et al.* (2019), GHC positively impacts sustainable green human resource management. Investments and attention to environmental sustainability can enhance human resource management.

### Masuliyah Role in Improving Environmental Performance

Al Masuliyah means responsibility in the context of business ethics. Freedom must be balanced with human responsibility, which arises after understanding the power to choose between good and bad. Al Masuliyah emphasizes the importance of making decisions with ethical considerations and being accountable for their consequences. The manifestation of this principle is establishing a sustainable, fair and responsible organizational environment. The Prophet Muhammad SAW showed high integration in fulfilling all environmental clauses with other parties, such as maintaining non-damage and protecting from damage.

### Environmental Performance

Companies tend to use environmentally based performance and disclosure of environmental information to provide). The legitimacy to

corporate activities in the eyes of society (Chariri & Gozali, 2007). Environmental performance is the organization's real action in fulfilling its responsibilities towards the environment. Environmental performance is an answer to the impact of the operations of the company where the company operates. Companies with good environmental performance can reduce negative impacts and use this performance to gain legitimacy in society, in line with legitimacy theory. Through social activities and a focus on sustainability, companies can strengthen their image, gain positive recognition, and build good relationships with the community (Wilmshurst & Frost, 2000). Environmental performance is a company's approach to stakeholders by paying attention to the environment. Environmental performance is an activity that promotes a company's identity and positioning showing that it is responsible for the impact of its business operations. Legitimacy theory implies that companies must act according to society's expectations. Environmental performance will increase company evaluation through the positive impact of environmental activities.

## Conclusion

This conceptual study research shows that topics related to IE and GIC are receiving increasing attention. Currently, issues related to the environment and green intellectual capital have become hot topics where companies should not only pay attention to profits but also the company's environmental and social performance and companies must manage and report them (Elkington & Rowlands, 1999) importance of this paper's conceptual analysis is that it shows that strong attention is paid to the role of organizations when investigating GIC and IE. This is for several reasons. First, this concept is considered as one of the main factors responsible for problems related to sustainability. Second, the pressure exerted by consumers and stakeholders has forced organizations to become a form of masuliyah or sustainable environmental responsibility and ethics as Islamic values are built by paying attention to organizational consistency and

business ethics that prioritize fairness and responsibility contained in QS. Al A'raf verse 56, namely *Wa laa tufsiduu fil ardi ba'da islaahihaa wad'uuhu khawfanw wa tama'aa; inna rahmatal laahi qariibum minal muhsiniin*. Meaning: And do not cause damage to the earth after it was (created) well. Pray to Him with fear and hope. Indeed, Allah's mercy is very close to those who do good. To shift to a greening approach earlier and to a greater extent than other sectors. On the other hand, the role of environmental performance is more flexible, and managers can use the understanding of ethics and masuliyah as the foundational values of environmental management to better control the company's environmental costs, improve production processes, and increase company performance, environmental performance, and green knowledge capital. and ultimately to achieve sustainable development.

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