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n/mail/u/0/?tab=rm&ogbl#search/Sustainability+Performance+at+Stake+during+Covid-19+Pandemic%3F+Evidence+from+Sharia-com...

Sustainability Performance at Stake during Covid-19 Pandemic? Evidence from

Invitation to Review JIABR-01-2022-0014 Inbox ×

Journal of Islamic Accounting and Business Research <onbehalfof@manuscriptcentral.com> Jan 30, 2022, 3:08 PM

to me

Dear Dr. Suryani Suryani:

Manuscript ID JIABR-01-2022-0014 entitled "Sustainability Performance at Stake during Covid-19 Pandemic? Evidence from Sharia-compliant Companies in Emerging Markets" has been submitted to the Journal of Islamic Accounting and Business Research.

I invite you to review this manuscript. The abstract appears at the end of this letter. Please let me know as soon as possible if you will be able to accept my invitation to review. If you are unable to review at this time, I would appreciate you recommending another expert reviewer. Please click the appropriate link below to automatically register your reply with our online manuscript submission and review system.

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Sincerely,
Prof. Issam Tlemsani
Associate Editor, Journal of Islamic Accounting and Business Research
i.tlemsani@tcib.org.uk

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itation:

Sustainability Performance at Stake during Covid-19 Pandemic? Evidence from Sharia-compliant Companies in Emerging Markets

Reviewer Affiliation
Universitas Islam Negeri Sultan Maulana Hasanuddin Banten
Manuscript ID:
JIABR-01-2022-0014
Manuscript Type
Research Paper
Keywords
sustainability, sustainability performance, Covid-19, pandemic, Sharia, Indonesia
Date Assigned:
02-Feb-2022
Date Review Returned:
20-Feb-2022

req **1. Originality: Does the paper contain new and significant information adequate to justify publication?**

At a glance, it can be concluded that this article discusses the sustainability performance of sharia-based institutions during the pandemic so that it is sufficient for publication. The subject of the paper looks interesting and suitable for JIABR.

req **2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?**

Sustainability is said to have 3 pillars, namely economic, social, and environmental. Since the beginning of the discussion, it has only discussed the economy so that the literature on the other two pillars is less relevant, so the review on sustainability is not comprehensive.

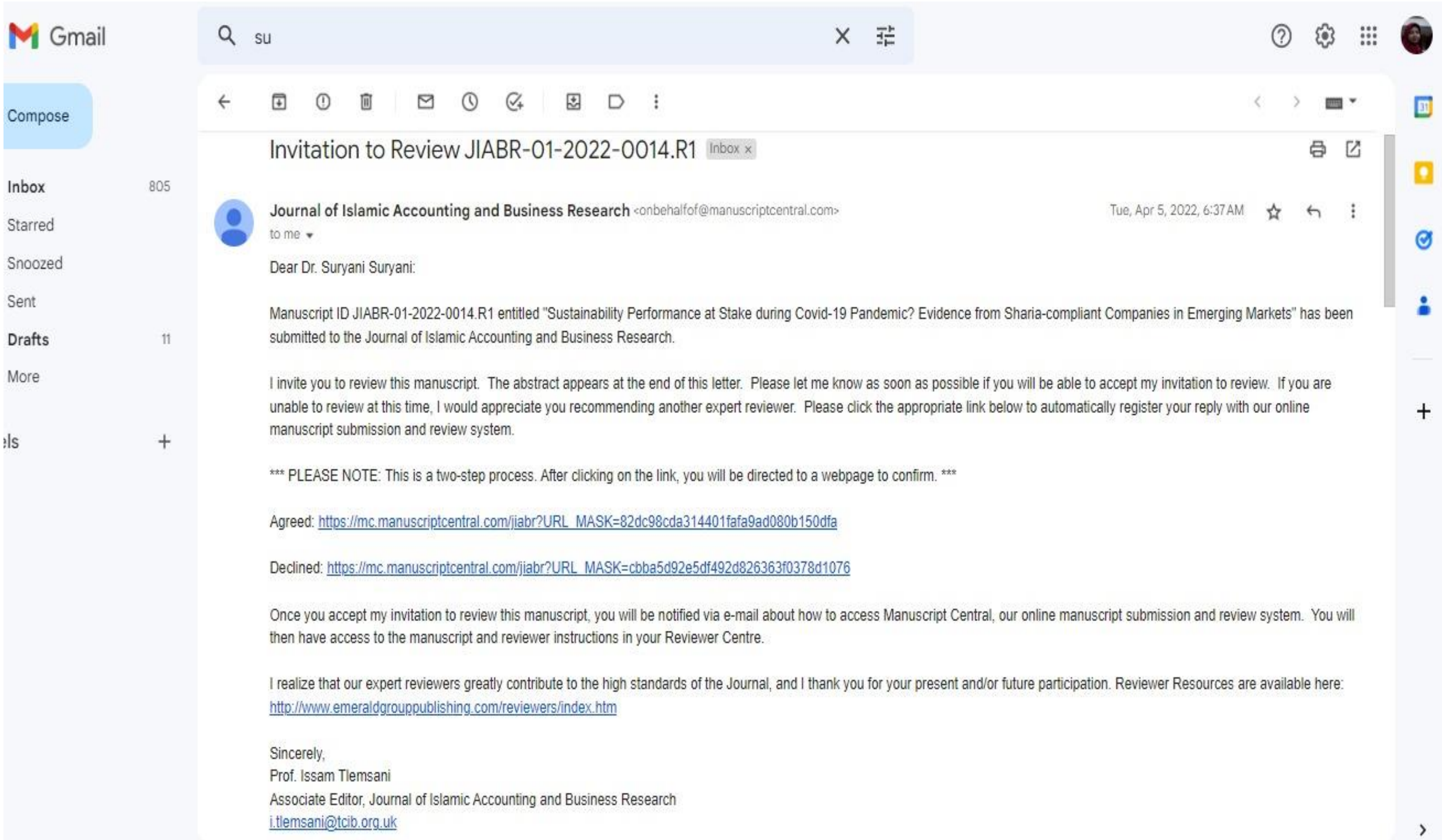
req **3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?**

Referring to the description no. 2. The methodology does not seem appropriate if measuring sustainability performance using one measure so that the way the three pillars are aggregated into a value is doubtful.

req **4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?**

The findings are well discussed but a detailed explanation is still needed regarding the following statement: Why is H1 accepted while H3 is not accepted?

req **5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society**



Invitation to Review JIABR-01-2022-0014.R1 Inbox

Journal of Islamic Accounting and Business Research <onbehalfof@manuscriptcentral.com>
to me

Tue, Apr 5, 2022, 6:37 AM

Dear Dr. Suryani Suryani:

Manuscript ID JIABR-01-2022-0014.R1 entitled "Sustainability Performance at Stake during Covid-19 Pandemic? Evidence from Sharia-compliant Companies in Emerging Markets" has been submitted to the Journal of Islamic Accounting and Business Research.

I invite you to review this manuscript. The abstract appears at the end of this letter. Please let me know as soon as possible if you will be able to accept my invitation to review. If you are unable to review at this time, I would appreciate you recommending another expert reviewer. Please click the appropriate link below to automatically register your reply with our online manuscript submission and review system.

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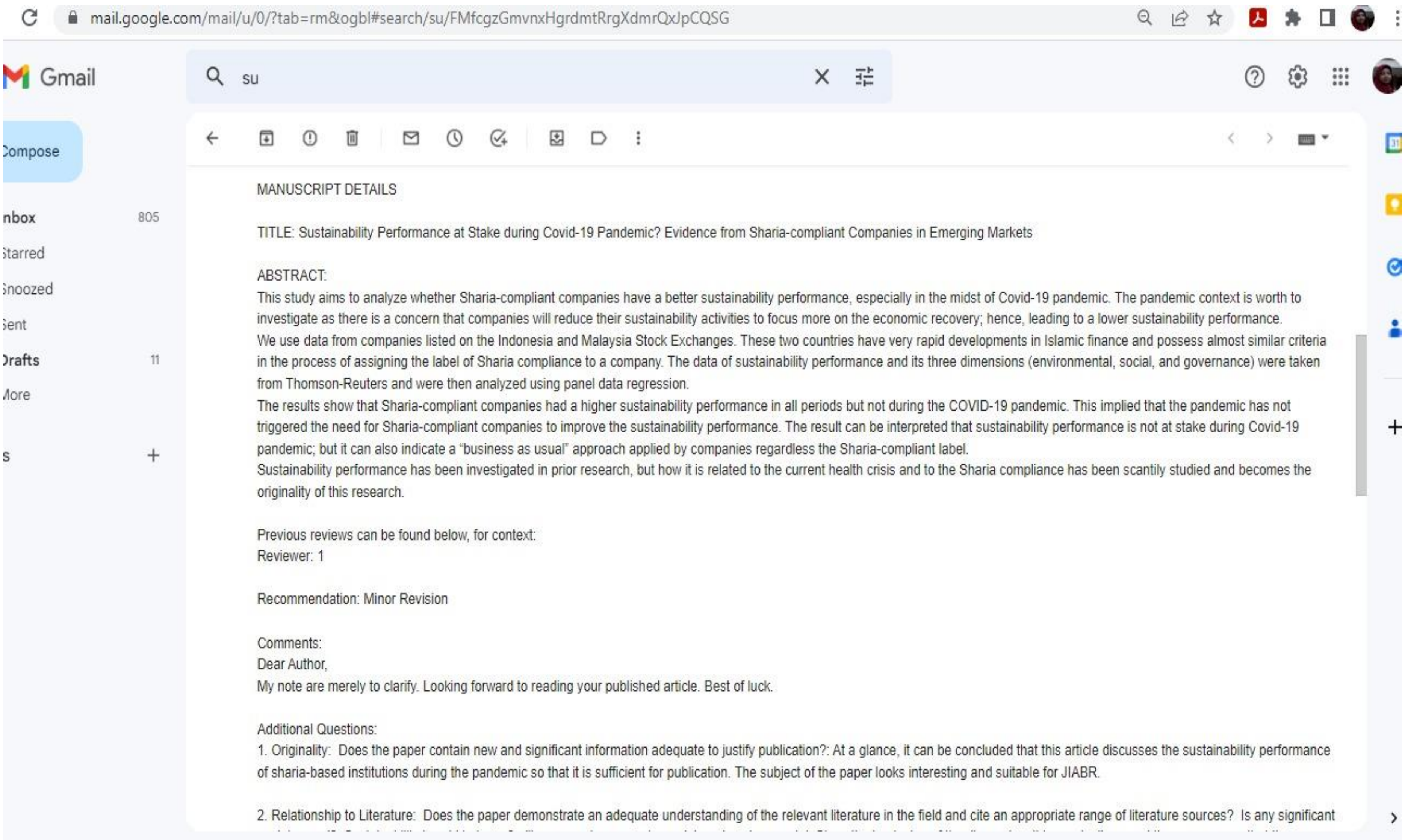
Sincerely,
Prof. Issam Tlemsani
Associate Editor, Journal of Islamic Accounting and Business Research
i.tlemsani@tcib.org.uk



MANUSCRIPT DETAILS

TITLE: Sustainability Performance at Stake during Covid-19 Pandemic? Evidence from Sharia-compliant Companies in Emerging Markets

ABSTRACT:
This study aims to analyze whether Sharia-compliant companies have a better sustainability performance, especially in the midst of Covid-19 pandemic. The pandemic context is worth to investigate as there is a concern that companies will reduce their sustainability activities to focus more on the economic recovery; hence, leading to a lower sustainability performance.
We use data from companies listed on the Indonesia and Malaysia Stock Exchanges. These two countries have very rapid developments in Islamic finance and possess almost similar criteria in the process of assigning the label of Sharia compliance to a company. The data of sustainability performance and its three dimensions (environmental, social, and governance) were taken from Thomson-Reuters and were then analyzed using panel data regression.
The results show that Sharia-compliant companies had a higher sustainability performance in all periods but not during the COVID-19 pandemic. This implied that the pandemic has not triggered the need for Sharia-compliant companies to improve the sustainability performance. The result can be interpreted that sustainability performance is not at stake during Covid-19 pandemic; but it can also indicate a "business as usual" approach applied by companies regardless the Sharia-compliant label.
Sustainability performance has been investigated in prior research, but how it is related to the current health crisis and to the Sharia compliance has been scantily studied and becomes the originality of this research.

Previous reviews can be found below, for context:
Reviewer: 1

Recommendation: Minor Revision

Comments:
Dear Author,
My note are merely to clarify. Looking forward to reading your published article. Best of luck.

Additional Questions:
1. Originality: Does the paper contain new and significant information adequate to justify publication?: At a glance, it can be concluded that this article discusses the sustainability performance of sharia-based institutions during the pandemic so that it is sufficient for publication. The subject of the paper looks interesting and suitable for JIABR.

2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant

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2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: Sustainability is said to have 3 pillars, namely economic, social, and environmental. Since the beginning of the discussion, it has only discussed the economy so that the literature on the other two pillars is less relevant, so the review on sustainability is not comprehensive.

3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: Referring to the description no. 2. The methodology does not seem appropriate if measuring sustainability performance using one measure so that the way the three pillars are aggregated into a value is doubtful.

4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?: The findings are well discussed but a detailed explanation is still needed regarding the following statement: Why is H1 accepted while H3 is not accepted?

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?: Referring to point 4, the suggestion in the form of "investors are right to invest in Sharia-compliant" becomes contradictory because there is no difference between investing in Sharia-compliant and conventional. I am not sure about the point.

6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: It's a good choice of diction. Although some minor corrections can be made to several typo mistakes that were found in the paper.

Reviewer: 2

Recommendation: Minor Revision

Comments:
The suggestions as given above need carefully corrections to improve the quality of paper.

Additional Questions:

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Recommendation: Minor Revision

Comments:
The suggestions as given above need carefully corrections to improve the quality of paper.

Additional Questions:
1. Originality: Does the paper contain new and significant information adequate to justify publication?: How your article contributes to current theory or literature in a novel way is still unclear. In the paper, the new fact to be attributed for which shari'ah complaint-companies are better at any stake or COVID-19 pandemic situation than conventional one.

2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: This section is better to write as " Literature Review and Formulation of Hypothesis" At the end of literature review, previous research gaps were not identified.

3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: Sample is okay, but data gathering process is not clearly detailed. Research method or methods used were not discussed in a logical manner. There is also necessary of explanation for using ROA instead of a number of profitability variables available. How could you assess environment sustainability?

4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?: 1. The moderating variable coefficient between Sharia compliance and the COVID-19 pandemic (SC*COVID) is not significant both in total sustainability performance and in all three dimensions. If do so, how can you say shari'ah-compliant companies are better at stake. 2. Elucidate how
the superiority of the Sharia-compliant companies can be seen in the environmental and social dimensions?

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?: How do stakeholders take better policy actions from your research results should be explained in details?. Such as written by authors, this study provides empirical evidence that Sharia-compliant companies have taken a good path in sustainability performance. However, they are expected to continue improving their performance, especially in terms of the governance dimension. is not clearly exposed.

6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: Okay, it's better to edit the paper by a professionally proof-reader for suitability of our readers.

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Sincerely,
Prof. Issam Tlemsani
Associate Editor, Journal of Islamic Accounting and Business Research
i.tlemsani@tcib.org.uk

MANUSCRIPT DETAILS

TITLE: Sustainability Performance at Stake during Covid-19 Pandemic? Evidence from Sharia-compliant Companies in Emerging Markets

ABSTRACT:
This study aims to analyze whether Sharia-compliant companies have a better sustainability performance, especially in the midst of Covid-19 pandemic. The pandemic context is worth to investigate as there is a concern that companies will reduce their sustainability activities to focus more on the economic recovery; hence, leading to a lower sustainability performance.
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Sustainability performance has been investigated in prior research, but how it is related to the current health crisis and to the Sharia compliance has been scantily studied and becomes the originality of this research.

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Reviewer update for Journal of Islamic Accounting and Business Research Inbox

Journal of Islamic Accounting and Business Research <onbehalfof@manuscriptcentral.com> Fri, May 20, 2022, 1:25 PM

to dr.mhudaib, r.haniffa

Dear Reviewer,

Thank you for your review of JIABR-01-2022-0014.R1 entitled Sustainability Performance at Stake during Covid-19 Pandemic? Evidence from Sharia-compliant Companies in Emerging Markets for Journal of Islamic Accounting and Business Research.

This paper has received a Minor Revision decision.

Thank you for offering your expertise and on-going support. It is much appreciated.

Kind regards and best wishes,
Mohammad Hudaib and Roszaini Haniffa
Editor-in-Chief
Journal of Islamic Accounting and Business Research
Reviewers' comments:
Reviewer: 1

Recommendation: Minor Revision

Comments:
Please note to add limitations regarding the study setting which is only in Indonesia n Malaysia, because there is a covid issue, handling policies differ between countries, and the results will also be different if applied in other countries

Journal of Islamic Accounting and Business Research

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Please note to add limitations regarding the study setting which is only in Indonesia n Malaysia, because there is a covid issue, handling policies differ between countries, and the results will also be different if applied in other countries

Additional Questions:
1. Originality: Does the paper contain new and significant information adequate to justify publication?: The subject of the paper looks interesting.

2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: More interpretation and recommendations should be included to the discussion area

3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: The methodology of the research is well-defined

4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?: The case is already clear enough but please note to add limitations regarding the study setting which is only in Indonesia n Malaysia, because there is a covid issue, handling policies differ between countries, and the results will also be different if applied in other countries

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?: Overall, this is an excellent article

6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: Please cheque some minor corrections can be made to several typo mistakes that were found in the paper.

Reviewer: 2

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Reviewer: 2

Recommendation: Minor Revision

Comments:
It is my proposal that the aforementioned ideas, as indicated in the cited articles, be included. I wish you the best of luck.

Additional Questions:
1. Originality: Does the paper contain new and significant information adequate to justify publication?: This is now in order.

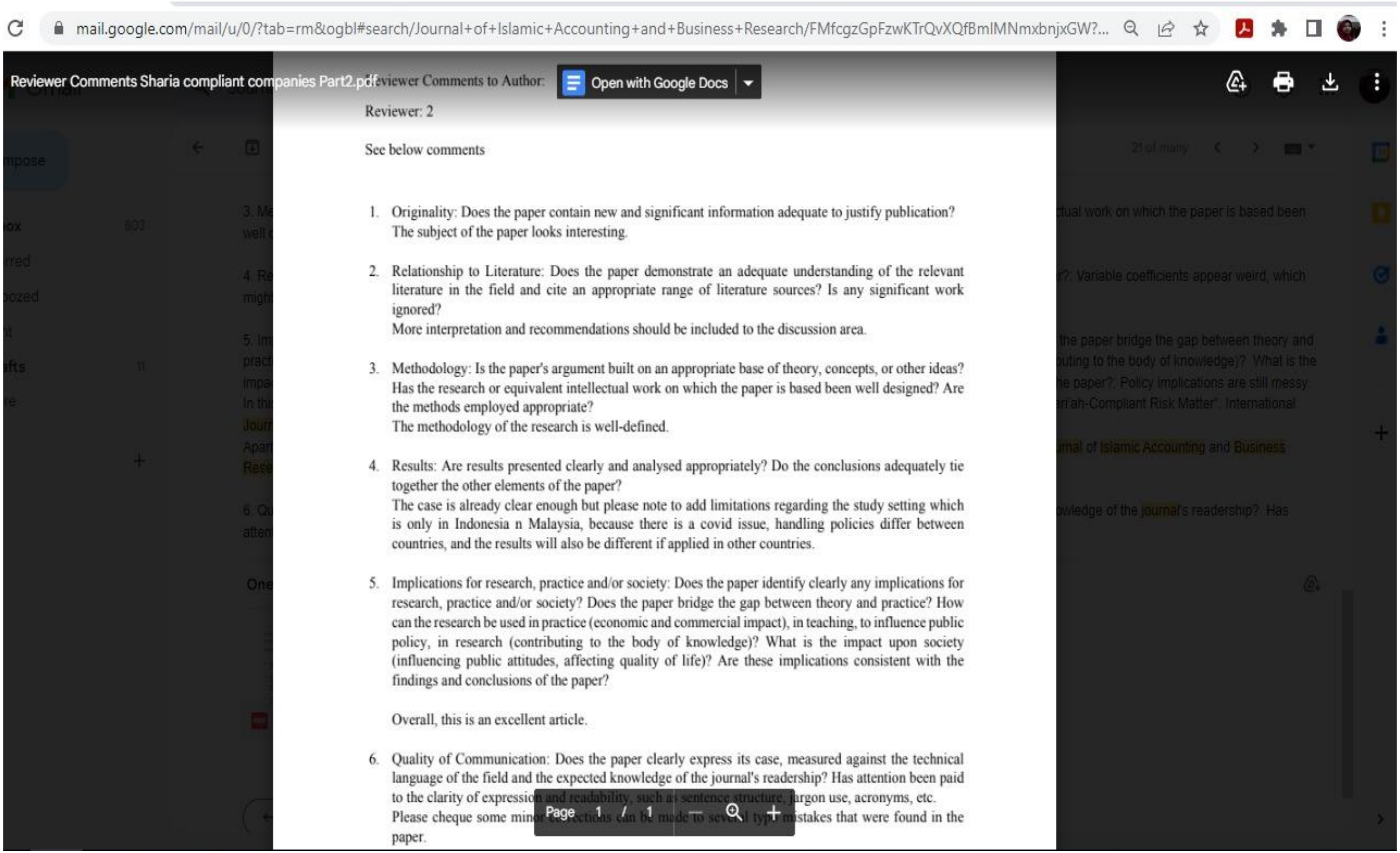
2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?: Ok

3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?: Explain why you chose the method you did.

4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?: Variable coefficients appear weird, which might be owing to incorrect calculating processes. Need to check again.

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?: Policy implications are still messy. In this case, you may cite the following papers: Uddin,M.N.(2022). "Examining Sustainable Shari'ah Compliance Under Shirkah-ul-Milk: Does Shari'ah-Compliant Risk Matter". International Journal of Islamic and Middle Eastern Finance and Management,https://www.emerald.com/insight/1753-8394.htm,
Apartment Purchase under Shirkah-ul Milk and Shariah Compliance in Islamic Banks: The Perception of Bankers and Clients in Bangladesh", Journal of Islamic Accounting and Business Research, Vol.12(7), 1-17

6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.: ok



Reviewer Comments to Author:

Reviewer: 2

See below comments

1. Originality: Does the paper contain new and significant information adequate to justify publication?
   The subject of the paper looks interesting.

2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?
   More interpretation and recommendations should be included to the discussion area.

3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?
   The methodology of the research is well-defined.

4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?
   The case is already clear enough but please note to add limitations regarding the study setting which is only in Indonesia n Malaysia, because there is a covid issue, handling policies differ between countries, and the results will also be different if applied in other countries.

5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?

   Overall, this is an excellent article.

6. Quality of Communication: Does the paper clearly express its case, measured against the technical language of the field and the expected knowledge of the journal's readership? Has attention been paid to the clarity of expression and readability, such as sentence structure, jargon use, acronyms, etc.
   Please cheque some minor corrections can be made to several typo mistakes that were found in the paper.

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Sustainability Performance at Stake during Covid-19 Pandemic? Evidence from Sharia-compliant Companies in Emerging Markets

Reviewer Affiliation
Universitas Islam Negeri Sultan Maulana Hasanuddin Banten
Manuscript ID:
JIABR-01-2022-0014.R1
Manuscript Type
Research Paper
Keywords
sustainability, sustainability performance, Covid-19, pandemic, Sharia, Indonesia
Date Assigned:
15-Apr-2022
Date Review Returned:
20-Apr-2022

req **1. Originality: Does the paper contain new and significant information adequate to justify publication?**

The subject of the paper looks interesting.

req **2. Relationship to Literature: Does the paper demonstrate an adequate understanding of the relevant literature in the field and cite an appropriate range of literature sources? Is any significant work ignored?**

More interpretation and recommendations should be included to the discussion area

req **3. Methodology: Is the paper's argument built on an appropriate base of theory, concepts, or other ideas? Has the research or equivalent intellectual work on which the paper is based been well designed? Are the methods employed appropriate?**

The methodology of the research is well-defined

req **4. Results: Are results presented clearly and analysed appropriately? Do the conclusions adequately tie together the other elements of the paper?**

The case is already clear enough but please note to add limitations regarding the study setting which is only in Indonesia n Malaysia, because there is a covid issue, handling policies differ between countries, and the results will also be different if applied in other countries

req **5. Implications for research, practice and/or society: Does the paper identify clearly any implications for research, practice and/or society? Does the paper bridge the gap between theory and practice? How can the research be used in practice (economic and commercial impact), in teaching, to influence public policy, in research (contributing to the body of knowledge)? What is the impact upon society (influencing public attitudes, affecting quality of life)? Are these implications consistent with the findings and conclusions of the paper?**

Overall, this is an excellent article

Sustainability Performance at Stake during Covid-19 Pandemic? Evidence from Sharia-compliant Companies in Emerging Markets

Journal:	*Journal of Islamic Accounting and Business Research*
Manuscript ID	JIABR-01-2022-0014
Manuscript Type:	Research Paper
Keywords:	sustainability, sustainability performance, Covid-19, pandemic, Sharia, Indonesia

Sustainability Performance at Stake during Covid-19 Pandemic?
Evidence from Sharia-compliant Companies in Emerging Markets

ABSTRACT

Purpose - This study aims to analyze whether Sharia-compliant companies have better sustainability performance, especially during the midst of Covid-19 pandemic. The pandemic context is worth investigating as there is a concern that companies will reduce their sustainability activities to focus more on economic recovery thereby leading to a lower sustainability performance.

Design/methodology/approach - We use data from companies listed on Indonesia and Malaysia Stock Exchanges. These two countries have experienced very rapid developments in Islamic finance and possess almost similar criteria in the process of assigning the label of Sharia compliance to a company. The data on sustainability performance and its three dimensions (environmental, social, and governance) were taken from Thomson-Reuters and analyzed using panel data regression.

Findings - The results show that Sharia-compliant companies had higher sustainability performance in all periods, but not during the COVID-19 pandemic. This implies that the pandemic has not triggered the need for Sharia-compliant companies to improve their sustainability performance. The result can be interpreted that sustainability performance is not at stake during the Covid-19 pandemic; but it can also indicate a “business as usual” approach applied by companies regardless of the Sharia-compliant label.

Originality/value – Sustainability performance has been investigated in prior research, but how it is related to the current health crisis and to the Sharia compliance has been scantily studied and becomes the originality of this research.

Keywords: sustainability, sustainability performance, Covid-19, pandemic, Sharia, Indonesia, Malaysia

Introduction

In recent years, topics related to environmental and social sustainability have been raised as important issues by shareholders, academics, and other stakeholders (Haniffa & Cooke, 2005; Matuszak et al., 2019; Naciti, 2019; Russo & Perrini, 2010). This can also be attributed to several financial scandals involving the world's big companies (Florio & Sproviero, 2020; Giannarakis, 2014), intensified environmental degradation (Whiteman et al., 2013), and as the follow-up to the SGDs (Sustainability Development Goals) that has been determined by the United Nations

(Abdullah, 2018; Bebbington & Unerman, 2020; Consolandi et al., 2020). At least for these 3 reasons, stakeholders are increasingly pressing and encouraging companies to contribute more to the environment and society (Amran et al., 2021; BinMahfouz & Hassan, 2013). What is happening on planet Earth is not only the responsibility of the government and environmentalists, but also requires the role of many parties, including companies and other private sectors from a socio-economic perspective (Skouloudis et al., 2019; Van Liempd & Busch, 2013). Meanwhile, the role of accounting in this context is to accurately report company activities related to their social, environmental, and governance aspects (Matuszak et al., 2019).

As the last religion, Islam came to bring comprehensive and universal values, regulating all human matters from the smallest to the largest and from the trivial to the complex ones (Wiyono & Maulamin, 2012:1). The highest goal of the laws laid down in Islam are to achieve socio-economic justice (Jan et al., 2021), sustainable and inclusive development (Abdullah, 2018), and nature conservation for the common good (Alpay et al., 2013). It can be concluded that the values in Islamic Sharia do not conflict with the concept of sustainability. Instead, it provides a value framework that can drive the sustainability agenda all countries in the world are pursuing (Abdullah, 2018). In the literature that discusses the issue of sustainability in Islam, this is usually related to *maqashid Sharia* or the goals of Sharia (Abdullah, 2018; Hamidi & Worthington, 2021; Jan et al., 2021; Said et al., 2018). Furthermore, Hamidi & Worthington (2021) emphasize the importance of entities that declare their compliance with Sharia to continuously improve their sustainability performance.

Recently, Moslem communities who were previously reluctant to invest their funds in the stock market have become interested and paid wide attention on public companies (Lusyana & Sherif, 2017). This is because there is a Sharia compliance mechanism for companies that want to enter the Sharia stock index and carry out capital expansion targeting the Moslem community on a large scale (Farooq & Alahkam, 2016). One of the reasons why investors invest in companies that comply with Sharia is the Islamic image reflected by these companies such as not selling goods that are forbidden in Islam and not involving in interest-based loans at a certain threshold. In addition, Sharia-compliant companies are considered to be more transparent in their disclosure of information, both financial and non-financial (Farooq & AbdelBari, 2015). The failure of companies to meet these expectations can result in the loss of confidence from Sharia-conscious investors in stock market investments, and ultimately allow them to exit the stock market.

Moreover, there is an interesting fact during the pandemic that investors have shifted their investments massively to sustainable investments. It is proven that in the first quarter of 2020 there were around 45.6 billion USD of funds that entered globally to sustainability investment (Folger-Laronde et al., 2020). Investors believe that their funds will be safer if they are invested in companies that have not only prioritized financial aspects. Some empirical evidence suggests that businesses that demonstrate environmental responsibility are more resilient to systemic risks. This phenomenon is of course an opportunity for managers to capture market demand for sustainability information, so they will try to show the sustainability performance of their companies both through the website to the annual report (Adams & Abhayawansa, 2021).

Many studies have tried to link between Shariah-compliant companies and the effects of the pandemic. However, most of the research is still focused on comparing the financial performance of Sharia-compliant companies and not due to the pandemic. One of the researchers who tried to do this was Dharani et al. (2021). They conclude that Shariah-compliant companies in several sectors such as consumer needs, finance, healthcare, and others provide higher returns than companies that are not included in the Shariah index. In addition, this Sharia-compliant company has lower volatility than other companies. Despite these findings, there are also studies that get different conclusions as has been done by Sherif (2020).

Apart from the debate whether Shariah-compliant companies are more financially resilient from the impact of the COVID-19 pandemic, research that tries to link Shariah-compliant companies to their sustainability performance in the midst of the pandemic is still very limited. Therefore, this research contributes at least in four ways. First, we tried to fill in the limitations of the literature that tries to reveal sustainability practices in Sharia-compliant companies. Second, we conducted a comparative test between companies that comply with Sharia and those that do not. Third, this research used samples of two countries, namely Indonesia and Malaysia, whose Islamic financial assets are in the top 20 all over the world. Fourth, this study investigated the sustainability issue of Sharia-compliant companies in three specific dimensions, namely economic, environmental, and social.

The next section will discuss further the theoretical basis related to the company's sustainability performance. In addition, we present what distinguishes sustainability practices in Sharia-compliant companies from those that are not. The third section will present the research design of the sample selection and the analytical tools used to answer the hypotheses we developed. The fourth part describes the empirical results of the statistical tests. At the end, the conclusions and implications of this research will be explained.

Theoretical perspective

Most researchers who discuss corporate sustainability practices agree that this issue can be viewed from many theories starting from agency theory, legitimacy, stakeholders, resource-based perspectives, to signaling theory (Hussain et al., 2018; Kuzey & Uyar, 2017; Matuszak et al., 2019). However, of all the theories used, agency theory and stakeholder theory are the two dominant perspectives to explain the motivation of companies to disclose their sustainability performance. In this study, we use stakeholder theory to explain why the sustainability performance of Sharia-compliant companies are expected and predicted to outperform non-Sharia companies.

From the perspective of stakeholder theory, Chen & Wang (2011) state that companies around the world are starting to face stakeholder pressure to improve their sustainability performance. In addition, stakeholders' need for information encourages companies to not only disclose their financial information but also non-financial information (Haniffa & Cooke, 2005). Furthermore, Matuszak et al. (2019) states that a company cannot carry out its long-term operations if it does not get recognition and support or legitimacy from parties with an interest in the company. Of course, these stakeholders differ between Sharia-compliant companies and those that are not. As stated by Hamidi & Worthington (2021) that Islamic entities face more demands from stakeholders.

Over the past few decades, Islamic finance has experienced vast expansion and unprecedented growth. The rapid development of Islamic finance began in countries with a Moslem majority population which then spread throughout the world. Sharia financial assets which were initially only around 200 billion USD in 2003 are expected to reach 4 trillion USD in 2030 (Alam & Seifzadeh, 2020). As a result, the Islamic financial system is increasingly receiving the attention of various parties, including the Sharia index (Dharani et al., 2021; Farooq & Alahkam, 2016; Sherif, 2020). Stakeholders want that the companies included in the Sharia index really comply with several Sharia principles that have been set as a *screening* process such as the absence of company activities related to alcohol, gambling, and obscurity. In addition, the Sharia index is synonymous with provisions regarding low leverage and low receivables, which reduces financial risks and vulnerabilities associated with crisis periods such as COVID-19 (Farooq & Alahkam, 2016).

Research on Sustainability

Sustainability refers to a condition where current development does not affect the process of meeting the needs of future generations (Imperatives, 1987). In the context of corporate sustainability practices, accounting plays a role in reporting accurately the company's activities in the social, environmental, and economic fields (Matuszak et al., 2019). This sustainability disclosure is also used by companies as their communication channel with stakeholders to convey the company's short-term and long-term vision and strategies. In the end it is expected to improve the company's financial performance (Bae et al., 2018).

The issue of sustainability has been researched and explored from many different perspectives. For convenience, we describe it based on the research theme and we summarize it in Table 1. First, corporate governance and sustainability performance theme. Based on agency theory, one of the effective management oversight mechanisms carried out by shareholders is the governance mechanism (Hussain et al., 2018; Naciti, 2019). Meanwhile, in the perspective of stakeholder theory, the company's long-term operations are associated with social legitimacy. To get support and recognition from the surrounding environment, companies must show their care for parties related to the company such as employees, suppliers, customers, local communities, shareholders, and the government (Matuszak et al., 2019). Through the governance mechanism, the company will continue to strive to improve the fulfilment of the needs of stakeholders (Hussain et al., 2018). The influence of corporate governance on the performance and disclosure of corporate sustainability has become the most favourite topic for researchers (See Table 1).

Table 1. Summary of Previous Research

Second, sustainability is also analyzed based on the factors that influence it. Apart from the influence of corporate governance, several studies try to look at other motivating factors of sustainability disclosures and performance. These factors include the company's financial characteristics such as company size, profitability, and level of leverage (Giannarakis, 2014; Girón et al., 2020; Kuzey & Uyar, 2017); ownership structure (Kuzey & Uyar, 2017); industry characteristics (Giannarakis, 2014; Kuzey & Uyar, 2017); and local and country environmental characteristics (García-Sánchez et al., 2013). The results show that disclosure and sustainability performance are influenced by various factors and adapt to their respective environmental contexts (Amran et al., 2021; Girón et al., 2020).

Furthermore, there are also several studies that are more specific in discussing sustainability practices in companies that declare compliance with Sharia. However, most of these studies (in fact almost all of them) make Islamic banking the object of their research (Hamidi & Worthington, 2021; Jan et al., 2021; Zafar & Sulaiman, 2020). Zafar & Sulaiman (2020) tries to further explore CSR and sustainability practices in Islamic banking and create a new index that is suitable for Islamic entities. This is necessary because of the different characteristics between Islamic banks and conventional ones. This view is also responded by Hamidi & Worthington (2021) by correcting the TBL (Triple Bottom Line) concept which has been widely used as the basis for disclosure of corporate sustainability and adding the element 'Prophet' to it. So that Islamic entities should adopt QBL (Quadruple Bottom Line) in their sustainability practices. Meanwhile, an empirical study of sustainability practices in Islamic banking has been carried out by Jan et al. (2019); Nobanee & Ellili (2016); and Sobhani et al. (2012).

Hypothesis Development

1. Sharia-compliant Companies and Sustainability Issues

From the perspective of Islam, social responsibility and sustainability are forms of accountability to God (*Allah*) and accountability to society (Harun et al., 2020). In the context of a Sharia-compliant company, this accountability can be realized by carrying out company operations according to Sharia principles and conveying information to stakeholders (Albassam & Ntim, 2017).

Companies that claim to comply with Sharia have at least passed the Sharia screening process by the relevant authorities in the country. This *Shariah* screening criteria excludes highly leveraged companies and also prohibits *gharar* (uncertainty) and *maysir* (gambling activities) in their operations. Companies that met the criteria have been minimizing overall risk which will lead to more solid investment opportunities (BinMahfouz & Hassan, 2013).

Sobhani et al. (2012) conducted a comparative analysis of the sustainability practices between Islamic and conventional banking in Bangladesh. The results show that Islamic banks disclose more information about sustainability than conventional banks. Said et al. (2018) also found that Sharia-compliant companies are very concerned about community social problems. This can be explained from stakeholder theory from two perspectives. First, Sharia-compliant companies pay more attention on stakeholders' need, including environment and community, due to the Islamic principles applied in the business practices. Second, if it not internally induced, the external pressure might come from stakeholders' demands who expect that companies follow the Sharia principles to maintain the harmony with environment and community as part of maintaining the 'sustainability of the planet', not only the 'sustainability of the business'. The different principles as articulated by stakeholder theory as well as previous research led us to develop the first hypothesis as follows.

H1. Sharia-compliant companies have better sustainability performance than conventional ones.

2. Sustainability Performance Amid COVID-19 Pandemic

COVID-19 pandemic has triggered an unprecedented global health and socio-economic crisis. The outbreak that started in Wuhan, China has had a sizeable economic and financial impact around the world (Goodell, 2020). As predicted by the International Monetary Fund (IMF), the global economy will shrink by 3% and although different from the 2008 global crisis which was created due to financial difficulties, the COVID-19 pandemic has also had a direct impact on companies. This is because during the pandemic, government measures to control the spread of COVID-19 such as large-scale restrictions and quarantines have made the economic cycle in the community decrease and uncertain, leading to simultaneous demand and supply shocks. Other impacts such as liquidity risk have become a major challenge for small and large companies, as economic activity and business models have almost stalled (Kirk & Rifkin, 2020).

From these conditions, there are concerns from various parties that companies will reduce their initiatives and policy priorities related to sustainability because of the high costs (see Amankwah-Amoah, 2020). The company will tend to prioritize financial stability and maintain profitability during the pandemic to provide guarantees to shareholders.

Nevertheless, there is an interesting phenomenon during the pandemic that many investors have shifted their funds to ESG (Environment, Social, Government)-based investments, namely companies that have good sustainability performance. In the first quarter of 2020 there was an estimated USD 45.6 billion in global inflows to sustainability investment funds (Folger-Laronde et al., 2020). This indicates that investors are 'looking for safety' and are starting to realize the importance of the company's long-term sustainability (Singh, 2020). This phenomenon created an opportunity for managers to capture market demand for sustainability information, so they will try to show the sustainability performance of their companies both through the website and the annual report (Adams & Abhayawansa, 2021). From stakeholder theory perspective, the pandemic might become an external factor that support sustainable investment hence triggered companies to increase their sustainability performance. It is also predicted that sustainability awareness of Sharia-compliant companies is higher during the pandemic due to the Islamic principles applied in the business encourage companies to be more caring towards their stakeholders that. Following this line of arguments, we developed the second and third hypothesis as follows.

H2. Corporate sustainability performance is higher during the COVID-19 pandemic compared to normal condition.

H3. Sharia-compliant companies have higher sustainability performance during the COVID-19 pandemic than conventional ones.

Research method

Sample and Data

This study uses a sample of all companies listed on the Indonesia and Malaysia Stock Exchanges. We chose these two countries for several reasons and similarities, including: (1) both are ASEAN (Association of Southeast Asian Nations) members who are experiencing rapid development in the field of Islamic economics. As stated in the Islamic Finance Outlook (2020)[1], Indonesia and Malaysia are countries outside the Gulf group that contribute to the growth of Islamic financial assets that are quite large globally, (2) the governments of both countries provide significant support in promoting Islamic finance and Islamic capital markets, and (3) Islamic stock screening systems are almost similar in the two countries. Both in terms of the company's operational aspects as well as in terms of the minimum limits for several required financial ratios such as debt-based capital ratios and interest-based income.

[1] S&P Global Rating, Islamic Finance Outlook 2020, accessed via https://www.spglobal.com/_assets/documents/ratings/research/islamic_finance_2020_screen.pdf

From a total of 1,724 companies listed on the Indonesian and Malaysian Stock Exchanges, samples that did not have a sustainability score were eliminated. As there were many companies did not have the sustainability score, the final sample in this study is 111 companies that form 555 observational data for 5-year-research period (2016-2020).

Variables operationalization

The dependent variable in this study is sustainability performance proxied by the ESG (Environmental, Social, and Governance) score taken from the Thomson-Reuters database for 2016 to 2020 research period. In addition, as we wanted to know in more detail on which dimensions of performance that Sharia-compliant companies outperforms other companies, we also took the scores of each dimension (Environmental, Social and Governance) to be tested separately.

The independent variables in this study are Sharia compliance and the pandemic period. The details are provided in Table 2.

Table 2. Variables and Measurements

3.3. Regression models

This study aims to distinguish the sustainability performance of Sharia-compliant and non-compliant companies and to distinguish the sustainability performance during and before the pandemic. To test the three hypotheses, we used panel data regression analysis. The main model used the total sustainability performance score as the dependent variable which was then replaced by the score for each dimension of sustainability performance. The main model is as follows.

$$SUST_{it} = \beta_0 + \beta_1 SC_{it} + \beta_2 INDO_{it} + \beta_3 ROA_{it} + \beta_4 SIZE_{it} + \beta_5 LEV_{it} + \beta_6 TBQ_{it} + \varepsilon_{it} \quad (1)$$

Model 1 is used to test whether the sustainability performance of Sharia-compliant companies is higher than others. This can be proven if the SC variable has a positive coefficient value with a p value of at least below 10%. While Model 2 below adds a pandemic period (COVID) variable to answer the question of whether the sustainability performance of all companies increases during the pandemic. Furthermore, Model 3 depicted the moderating effect of the pandemic on Sharia-compliant companies by adding the SC*COVID variable to provide further evidence if during the pandemic the sustainability performance of all companies increases, whether there is a significant difference between Sharia-compliant and conventional (non-Sharia compliant) companies.

$$SUST_{it} = \beta_0 + \beta_1 SC_{it} + \beta_2 INDO_{it} + \beta_3 COVID_{it} + \beta_4 ROA_{it} + \beta_5 SIZE_{it} + \beta_6 LEV_{it} + \beta_7 TBQ_{it} + \varepsilon it \quad (2)$$

$$SUST_{it} = \beta_0 + \beta_1 SC_{it} + \beta_2 INDO_{it} + \beta_3 COVID_{it} + \beta_4 SC{*}COVID_{it} + \beta_5 ROA_{it} + \beta_6 SIZE_{it} + \beta_7 LEV_{it} + \beta_8 TBQ_{it} + \varepsilon_{it} \quad (3)$$

Results and Discussion

Descriptive statistics

Table 3 presents the descriptive statistics of the data in this study. The table shows that the average value of the sustainability performance of all companies was 50.165. However, there was a fairly high gap among the companies where the highest and lowest sustainability performance values were 88,597 and 5,378 respectively. This shows that the company's initiatives and commitment to the importance of sustainability issues are not evenly distributed, which might be attributed to the voluntary nature of reporting the sustainability-related activities from which the sustainability performance data was extracted by a database. As expressed by Xing et al. (2019), strict regulations can improve a company's sustainability performance. Furthermore, in each dimension of sustainability performance, the same fact was found. In the environmental dimension (ENV) there are companies that have a value of 0 and the average value of this dimension is 38.68. The highest score is on the governance dimension (GOV) of 98.701. The other information contained in the table is that Sharia-compliant companies have higher sustainability performance in total (51.92) as well as in the three dimensions.

Table 3. Descriptive statistics

Univariate Analysis

To ensure that our data in this study are free from autocorrelation and multicollinearity problems, we performed Pearson correlation test and VIF (Variance Inflation Factor) test. Table 4 shows the results. There is no single variable that has a perfect correlation with the other variables. Likewise with the results of the VIF test, the value of the independent variable is below 10. This shows that our data is free from autocorrelation and multicollinearity problems.

Looking further at the results shown in Table 4, the main independent variable was statistically significant to our dependent variable (SUST). First, the SC variable has a positive and significant coefficient that matches our assumption that Sharia-compliant companies have a higher sustainability performance compared to conventional companies; even though the governance dimension (GOV) does not show significant relationship. Second, the COVID variable also shows similar result. While control variables that have significant correlation are SIZE, LEV, and TBQ which means that the size of the company, the level of leverage, and the market value also have relationship with the company's sustainability performance. However, this univariate analysis does not include other factors as determinants of the company's sustainability performance. Rather, the results in Table 4 are only preliminary evidence. Meanwhile, to test the hypothesis described in the previous section, multivariate analysis is needed to provide more accurate evidence.

Multivariate Analysis and Hypothesis Testing

We use panel data regression model in the form of Random Effect following the results of Breusch-Pagan Lagrangian multiplier test and Hausman test. Table 5 shows the results of the regression. In the table, our hypothesis 1 which states that Sharia-compliant companies have higher sustainability performance is statistically acceptable. The empirical evidence can be seen from the SC variable coefficient which shows a positive number (6.633) and is significantly below 5%. This shows that companies included in Sharia index face greater pressure from stakeholders to continuously improve their sustainability performance. Basically, the values contained in the sustainability aspect are in line with the *maqasid Sharia* principles (Sharia goals) in Islam. Islamic principles aim to maintain the public interest (*maslahah*) in all aspects of life, including environmental and social aspects (Jan et al., 2019). The finding is in line with other empirical evidence found by Said et al. (2018) and Azam et al. (2019).

Furthermore, from Table 5 we can see which dimensions of the sustainability performance of Sharia-compliant companies have significant differences from other companies. Of the three dimensions (environmental, social, and governance), the environmental dimension has the highest level of significance, which is below 1% with a coefficient value of 13,083 followed by the social dimension with a coefficient of 6,921 at a significance level below 10%. Meanwhile, on the governance dimension, statistically it shows that there is no significant difference between Sharia-compliant companies and other companies. This fact might be due to the absence of specific criteria related to governance on the company's Sharia compliance requirements (Hayat & Hassan, 2017).

Table 4. Pearson Correlation and Multicollinearity Test

Table 5. Sharia Compliance and Sustainability Performance Regression Results

Another interesting finding shown in Table 5 is that there is no significant difference in the sustainability performance of companies from the two countries. However, on the environmental dimension, the coefficient shows a negative number (-9.076) which indicates that the environmental performance of companies in Malaysia is higher than in Indonesia. Furthermore, although it is not our main concern, all control variables are statistically proven to affect the company's sustainability performance. The most powerful variable affecting sustainability performance in general, and its three dimensions is company size (SIZE). The larger the size of a company, the higher their sustainability performance. Based on stakeholder theory, large companies receive great attention from various parties. This encourages large companies to provide more transparent disclosure of both financial and non-financial information to meet the need and expectations of stakeholders and provide a guarantee of corporate accountability (Sun et al., 2021). In addition, larger companies have more resources to carry out social, environmental, and corporate governance practices (Matuszak et al., 2019). This is in line with several other studies such as those conducted by Haniffa & Cooke (2005); Giannarakis (2014) Matuszak et al. (2019); Naciti (2019); and Sun et al. (2021).

ROA as a proxy for profitability also affects the company's sustainability performance at a significance level of 1%. However, the coefficient value shows a negative number (-41,592) so it can be said that companies that have a lower level of profitability have higher sustainability performance than other companies. Our findings are slightly different from most previous studies which found that the level of profitability has a positive effect on the company's sustainability performance. This might be due to research data that includes 2020 data. Sherif (2020) stated that during the COVID-19 pandemic period the company's rate of return experienced a significant decline. Shen et al. (2020) also provides empirical evidence that companies experienced a serious decline in financial performance as a result of the impact of the COVID-19 pandemic. In more detail, ROA was found to affect the social and governance dimensions but not the environmental dimensions. In other words, the company prioritizes the environmental dimension regardless of the increase or decrease in ROA. The leverage variable (LEV) also shows the same trend. Negatively affect the performance of total sustainability (SUST), social (SOC), and governance (GOV), but not on the environmental dimension. While TBQ positively affects sustainability performance and environmental dimensions at a significance level of 10%.

To test hypothesis 2 and hypothesis 3, we added a pandemic (COVID) variable and moderating variable of the interaction of pandemic and Sharia compliance (SC*COVID). We present these results in Table 6. The table shows that during the COVID-19 pandemic all companies have improved their sustainability performance. It is evident from the positive coefficient on the COVID variable (5.344) at a significance level of 1%. In addition, Table 6 shows that the increase occurred in all three dimensions of sustainability, even though the governance dimension is only at a significance level of 5% (2.869). This empirical evidence convinced us that company managers have captured market information that there is a massive shift of investor funds to more sustainable investment portfolios during the pandemic, which is in line with the argument of Adams & Abhayawansa (2021).

Lastly, our hypothesis 3 was rejected. The moderating variable coefficient between Sharia compliance and the COVID-19 pandemic (SC*COVID) is not significant both in total sustainability performance and in all three dimensions. This implies that during the pandemic not only Sharia-compliant companies have improved their sustainability performance.

Table 6. Regression Results of Pandemic Effects on Sustainability Performance

Discussion and conclusion

This study aims to provide empirical evidence on whether Sharia-compliant companies have higher sustainability performance, especially in the midst of the current pandemic. We use samples of Indonesian and Malaysian companies because the characteristics of assigning the label of Sharia compliance are almost the same. Both countries also have rapid Islamic economic development.

From the three hypotheses we developed, hypotheses 1 and 2 are accepted. First, Sharia-compliant companies have higher sustainability performance than other companies. The superiority of the Sharia-compliant companies can be seen in the environmental and social dimensions. Meanwhile, in the governance dimension, there is no significant difference between the two types of companies. Therefore, in the process of labeling "Sharia compliant" by the authorities of each country, it is suggested to include more specific criteria, especially for those related to corporate governance. Second, during the COVID-19 pandemic, all companies have proven to have improved their sustainability performance. This finding breaks the concern that in the midst of the financial crisis due to the COVID-19 pandemic, companies will lower their sustainability performance because of the relatively high cost to conduct sustainability-related activities. The company managers seem to catch the information and the phenomenon that during the pandemic there is a massive inflow of funds into sustainable investments which then triggered companies to improve their sustainability performance. This fact might also make our hypothesis 3 rejected. Our findings show that during the COVID-19 pandemic, all companies have improved their sustainability performance, regardless of the Sharia compliance label. This finding should be interpreted cautiously as it can also mean that the pandemic has not triggered Sharia-compliant companies to improve the sustainability performance. This might indicate a "business as usual" approach applied by all companies. Covid-19 pandemic with its muti dimensional consequences on environment and society has not induced a more caring approach for Sharia-compliant companies. This brings implications of the need to improve sustainability awareness of Sharia-compliant companies to make one step ahead towards sustainability of the planet as the ultimate goal of Islamic principles, not only sustainability of the business.

Our research is far from perfect. Future research could present a larger sample and data to provide stronger evidence. In addition, our research has not captured in depth the real reasons why companies improve their sustainability performance. Future research using primary data using interview or questionnaire distribute to company managers can be conducted to get further insights. The link between sustainability and Sharia compliance can also be examined from the point of view of regulators and other stakeholders.

Finally, this research has practical implications for various parties. First, this study provides empirical evidence that Sharia-compliant companies have taken a good path in sustainability performance. However, they are expected to continue improving their performance, especially in terms of the governance dimension. Second, policy makers can design more specific criteria in their Sharia compliance *screening* process. Third, for the academic world, this research contributes to the Islamic finance literature in general. It also provides evidence that research on Sharia-compliant companies is still limited as most research focus on Islamic banking. Fourth, the findings of this study are also beneficial for the wider community, especially investors who entrust their funds to Sharia-compliant companies. Evidence that Sharia-compliant companies are more sensitive to environmental and social issues gives them assurance that they are not choosing the wrong place to invest.

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Sustainability Performance at Stake during Covid-19 Pandemic?
Evidence from Sharia-compliant Companies in Emerging Markets

Table 1. Summary of Previous Research

Author(s)	Dependent Variable(s)	Data source(s)	Theory(ies) employed	Sample Country(ies)
Sustainability and corporate governance				
Haniffa & Cooke (2005)	Corporate Social Disclosure (CSD)	Annual report	Legitimacy	Malaysia
Hussain et al. (2018)	Sustainability Performance	Annual report	Agency and Stakeholders	United States of America
Matuszak et al. (2019)	CSR Reporting Index	Annual Report and CSR Report	Legitimacy, Stakeholder and Resource Based Perspective	Poland
Naciti (2019)	Sustainability Performance	Data Sustainalytics Platform	Agency and Stakeholders	Global
Bae et al. (2018)	Total Sustainability Disclosure Score (TSDS)	Sustainability Report and GRI Database	Agency and Signaling	Bangladesh, India and Pakistan
Sustainability disclosure/performance factors				
Giannarakis (2014)	Environment, Social, and Governance Disclosure Score (ESGDS)	Bloomberg Database	Not mentioned	United States of America
Kuzey & Uyar (2017)	GRI Dummy, Corporate Value, and Issuance of Sustainability Reports	Thomson Reuters EIKON Database	Not mentioned	Turkey
Girón et al. (2020)	SDG Dummy, External Assurance and Corporate Value	GRI and Orbis Database	Signaling	Asia-Africa
Sustainability in Sharia-compliant companies				
Said et al. (2018)	CSR-Maqashid Syariah Disclosure Index	Annual report	Maqashid Sharia	Malaysia
Jan et al., 2019	Company Performance (Sustainability being an independent variable)	Annual report	Not Mention	Malaysia
Azam et al. (2019)	CSR	Annual report	Resource Dependence	Pakistan

Table 2. Variables and Measurements

	Definition and Measurement
Dependent Variables	
SUST	Sustainability performance score proxied by the ESG score
ENV	Corporate environmental performance score
SOC	Corporate social performance score
GOV	Corporate governance performance score
Independent Variables	
SC	Sharia compliance measured as a dummy variable: 1 if the company is included in the Sharia index (means that the company has already gone through the Sharia compliance screening process) and 0 otherwise
COVID	The pandemic period: 1 for 2020 and 0 otherwise
INDO	Country: 1 if the sample comes from the Indonesia Stock Exchange (IDX), 0 otherwise.
Control Variables	
ROA	Company profitability measured by dividing net income after tax by total assets.
SIZE	Company size measured by the natural logarithm (Ln) of total assets
LEV	Company risk level: the higher the *leverage* value, the riskier the company is. The *leverage* score is measured by dividing the total debt by the company's total assets.
TBQ	Market capitalization ratio divided by total assets.

Table 3. Descriptive statistics

	All Sample					SC		NSC	
Variable	Obs	mean	SD	Min	Max	Obs	mean	Obs	mean
SUST	500	50.165	17.401	5.378	88,597	258	51.92	242	48.29
ENV	500	38.68	22,996	0	89,525	258	43.80	242	33.22
SOC	500	55,948	20.481	2,519	97.252	258	57.99	242	53.77
GOV	500	50,079	21,194	4.743	98.701	258	51.43	242	48.64
SC	540	0.5	0.5	0	1	-	-	-	-
INDO	540	0.407	0.492	0	1	270	0.37	270	0.44
COVID	540	0.2	0.400	0	1	270	0.2	270	0.2
ROA	533	0.063	0.075	-0.083	0.318	265	0.063	268	0.06
SIZE	539	22,141	1,452	18,809	26.085	269	21.87	270	22.4
LEV	529	0.256	0.166	0.004	0.631	261	0.26	22.4	0.25
TBQ	537	1.562	2,539	.022	21.485	267	1.76	270	1.37

Table 4. Pearson Correlation and Multicollinearity Test

Variables	VIF	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
(1) SUST		1.000										
(2) ENV		0.750***	1.000									
		(0.000)										
(3) SOC		0.885***	0.604***	1.000								
		(0.000)	(0.000)									
(4) GOV		0.729***	0.299***	0.469***	1.000							
		(0.000)	(0.000)	(0.000)								
(5) SC	1.10	0.104**	0.230***	0.103***	0.066	1.000						
		(0.020)	(0.000)	(0.021)	(0.141)							
(6) INDO	1.02	-0.118***	-0.207***	-0.057	-0.026	-0.075*	1.000					
		(0.008)	(0.000)	(0.207)	(0.561)	(0.080)						
(7) COVID	1.02	0.114**	0.140***	0.103**	0.046	0.000	0.000	1.000				
		(0.011)	(0.002)	(0.021)	(0.301)	(1.000)	(1.000)					
(8) ROA	2.98	0.016	0.039	0.056	-0.061	0.004	0.099**	-0.120***	1.000			
		(0.724)	(0.381)	(0.213)	(0.178)	(0.928)	(0.022)	(0.006)				
(9) SIZE	1.48	0.186***	0.057	0.114	0.212***	-0.184***	0.007	0.041	-0.497***	1.000		
		(0.000)	(0.204)	(0.011)	(0.000)	(0.000)	(0.880)	(0.346)	(0.000)			
(10) LEV	1.15	-0.227***	-0.022	-0.256***	-0.191***	0.034	-0.026	0.055	-0.243***	-0.112**	1.000	
		(0.000)	(0.621)	(0.000)	(0.000)	(0.440)	(0.544)	(0.209)	(0.000)	(0.010)		
(11) TBQ	2.73	0.160***	0.174***	0.158***	0.048	0.077*	0.031	-0.035	0.775***	-0.444***	-0.197***	1.000
		(0.000)	(0.000)	(0.000)	(0.282)	(0.074)	(0.467)	(0.422)	(0.000)	(0.000)	(0.000)	

*** *p<0.01,* ** *p<0.05,* * *p<0.1*

Table 5. Sharia Compliance and Sustainability Performance Regression Results

	SUST	ENV	SOC	GOV
SC	6633 **	13,083 ***	6,921 *	5.794
	(0.027)	(0.001)	(0.056)	(0.105)
INDO	-4.111	-9,076 **	-2.475	-0.925
	(0.168)	(0.023)	(0.492)	(0.795)
ROA	-41592 ***	-31.356	-41,775 **	-46,173 **
	(0.003)	(0.117)	(0.015)	(0.016)
SIZE	4,316 ***	5,071 ***	3.69 ***	3,748 ***
	(0.000)	(0.000)	(0.004)	(0.004)
LEV	-10,238 *	7.283	-14,846 **	-15,648 *
	(0.094)	(0.397)	(0.047)	(0.051)
TBQ	0.787 *	1,163 *	0.854	0.786
	(0.081)	(0.071)	(0.124)	(0.198)
Constant	-43.878	-78.825	-23.821	-30,836
Obs	484	484	484	484
R-Square	0.1015	0.106	0.070	0.100

*** *p<0.01*, ***p<0.05*, **p<0.1*

Table 6. Regression Results of Pandemic Effects on Sustainability Performance

	SUST		ENV		SOC		GOV	
SC	6.72 **	6,914 **	13,311 ***	13,933 ***	7,021 **	7,467 **	5.87	5,602
	(0.023)	(0.02)	(0.001)	(0.000)	(0.049)	(0.037)	(0.101)	(0.124)
INDO	-4.24	-4.239	-9,274 **	-9,269 **	-2.614	-2,611	-0.992	-0.994
	(0.149)	(0.148)	(0.017)	(0.017)	(0.462)	(0.459)	(0.78)	(0.781)
COVID	5,344 ***	5,743 ***	8,376 ***	9.592 ***	5,706 ***	6,628 ***	2,869 **	2,336
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.02)	(0.169)
SC*COVID		-0.816		-2.504		-1.884		1.097
		(0.614)		(0.287)		(0.355)		(0.646)
ROA	-24.348 *	-24.425 *	-5.084	-5.3	-23,517	-23.736	-37.45 *	-37.307 *
	(0.073)	(0.072)	(0.794)	(0.785)	(0.165)	(0.162)	(0.054)	(0.055)
SIZE	3,947 ***	3,941 ***	4,683 ***	4,693 ***	3,325 ***	3,308 ***	3,625 ***	3.62 ***
	(0.000)	(0.000)	(0.001)	(0.001)	(0.008)	(0.008)	(0.005)	(0.005)
LEV	-12,647 **	-12,542 **	3,479	3,873	-17,407 **	-17,206 **	-16,904 **	-17,042 **
	(0.032)	(0.034)	(0.675)	(0.641)	(0.017)	(0.019)	(0.035)	(0.034)
TBQ	0.607	0.616	0.883	0.888	0.679	0.698	0.691	0.683
	(0.162)	(0.156)	(0.153)	(0.151)	(0.21)	(0.197)	(0.257)	(0.263)
Constant	-37.161	-37.159	-72.522	-73.16	-17.32	-17,231	-28.885	-28,615
Obs	484	484	484	484	484	484	484	484
R-Square	0.131	0.132	0.142	0.142	0.100	0.101	0.105	0.105