



## The role of Maqashid-Syariah in enhancing business sustainability through green dynamic capability and marketing strategies

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### ABSTRACT

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This study aims to explore the role of Maqashid Syariah in enhancing business sustainability through the integration of Green Dynamic Capability and marketing strategies, focusing on PT Bank Muamalat in the Central Java province. A quantitative research approach was employed, using the SEM-PLS to analyze the relationships between variables. Data were collected through a survey targeting 280 permanent employees of Bank Muamalat. The results of the study supported several hypotheses, showing that Maqashid Syariah positively influences marketing strategies and business sustainability. However, the impact of Green Dynamic Capability on innovation and business sustainability was not fully significant, indicating the need for further optimization in the implementation of green strategies. These findings suggest that Bank Muamalat can enhance its competitiveness by strengthening the application of Maqashid Syariah principles.

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Penelitian ini bertujuan untuk mengeksplorasi peran Maqashid Syariah dalam meningkatkan keberlanjutan bisnis melalui integrasi Green Dynamic Capability dan strategi pemasaran, dengan fokus pada PT Bank Muamalat di provinsi Jawa Tengah. Pendekatan penelitian kuantitatif digunakan, dengan menggunakan SEM-PLS. Data dikumpulkan melalui survei yang menargetkan 280 karyawan tetap Bank Muamalat. Hasil penelitian mendukung beberapa hipotesis, yang menunjukkan bahwa Maqashid Syariah secara positif mempengaruhi strategi pemasaran dan keberlanjutan bisnis. Namun, dampak dari Green Dynamic Capability terhadap inovasi dan keberlanjutan bisnis tidak sepenuhnya signifikan, yang mengindikasikan perlunya optimalisasi lebih lanjut dalam implementasi strategi hijau. Temuan ini menunjukkan bahwa Bank Muamalat dapat meningkatkan daya saingnya dengan memperkuat penerapan prinsip-prinsip Maqashid Syariah.

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## 1. Introduction

Sharia Banks are currently facing increasingly complex dynamics amidst the tight competition in the banking industry. This is especially the case with Bank Syariah Muamalat of Central Java Province, which as one of the pioneers of sharia banking in Indonesia, must continue to innovate to maintain and improve its competitiveness (Suseno et al., 2018). In the midst of such competitive pressure, one crucial aspect is how the bank is able to develop its innovation capability and business strategies in accordance with sharia principles and increasingly dynamic market demands. Factors such as Green Dynamic Capability, Maqashid Syariah, and marketing strategies become important in this context.

Green Dynamic Capability refers to an organization's ability to adapt and respond to environmental changes in a sustainable manner. At Bank Syariah Muamalat, the importance of Green Dynamic Capability is increasingly felt along with the increasing public awareness of sustainability issues and social responsibility (Joshi, 2015). This capability involves not only adjusting operations to minimize environmental impacts, but also introducing innovations that focus on sustainability (Ahmed, 2018). Therefore, how Bank Syariah Muamalat integrates Green Dynamic Capability into their innovation and business strategy becomes a strategic issue that needs to be studied further.

On the other hand, the implementation of Maqashid Syariah or sharia objectives in sharia banking activities is the main essence in maintaining the sustainability of Bank Syariah Muamalat operations. Maqashid Syariah emphasizes the protection of five important elements in human life, namely religion, soul, mind, descendants, and property (Qardawi, 2010). In the context of sharia banking, this principle includes the importance of protecting customer interests and developing products and services that are in accordance with Islamic law. The alignment between sharia objectives and innovative and adaptive business practices is an interesting challenge to explore, especially in developing innovation capabilities and business strategies.

Furthermore, marketing strategy is an important instrument in determining the direction of business development amidst the competition in the banking industry. In the context of Bank Syariah Muamalat, marketing strategy must not only be in line with sharia principles but must also be able to adapt to changes in consumer preferences and developing market trends (Kim et al., 2022). The ability to combine effective marketing strategies with sharia values and focus on innovation is key to building sustainable competitiveness.

However, there is a significant research gap regarding how Green Dynamic Capability, Maqashid Syariah, and marketing strategies can influence Innovation Capability and how these innovation capabilities in turn impact Business Strategies in Islamic banks (Jannah, 2022). Many studies have highlighted the relationship between innovation capabilities and business strategies in general, but not many have discussed them in the context of Islamic banks with a comprehensive and contextual approach in accordance with Islamic principles.

Bank Muamalat's business growth in Central Java reflects the bank's national performance which fluctuated throughout 2024. In the first semester of 2024, Bank Muamalat recorded Third Party Funds (DPK) growth of 4.9%, reaching IDR43.8 trillion, with low-cost funds (CASA) components also increasing, especially in current accounts which grew 12.2% annually. However, Bank Muamalat's net profit fell drastically, with a decline of up to 82.8% YoY. Significant growth was also seen in profit-sharing financing which increased by 16.5% YoY, although overall, financing growth only reached 1.9%. In Central Java, Bank Muamalat's main strategy includes expanding payroll services, especially for State Civil Apparatus (ASN), which is a driver of CASA and financing growth.

This study attempts to fill the gap by empirically examining the influence of Green Dynamic Capability, Maqashid Syariah, and marketing strategy on innovation capability and business strategy at Bank Syariah Muamalat, Central Java Province. Through this study, it is expected to gain a deeper understanding of how these factors interact and contribute to increasing the competitiveness of Islamic banks amidst increasingly tight competition and increasing demands for sustainability.

## 2. Theoretical review

### **The Influence of Green Dynamic Capability on Innovation Capability and Maqashid Syariah**

Green Dynamic Capability refers to the capacity of an organization to adapt to changes in the external environment while maintaining a commitment to environmental sustainability (Ahmmed, 2018). In the context of Islamic banks, this capability is not only related to environmental responsibility, but also in line with the principles of Maqashid Syariah, namely maintaining a balance between economic, social, and environmental sustainability in accordance with Islamic values.

Green Dynamic Capability plays an important role in driving Innovation Capability. This capability enables Islamic banks to create products and services that are more adaptive to market demands that are increasingly concerned about sustainability. For example, Islamic banks that have green dynamic capabilities can develop environmentally friendly financing products, such as renewable energy financing or sustainable investments (Ian et al., 2022). These innovative products not only meet the needs of modern consumers who care about the environment, but also strengthen the bank's competitive position in the market. In addition, strengthening Innovation Capability through Green Dynamic Capability also has an impact on the implementation of Maqashid Syariah (Mahmoud, 2020). Maqashid Syariah emphasizes the noble goals of the Islamic financial system, namely protecting human interests in various aspects of life, including maintaining the welfare of nature. Therefore, the ability of Islamic banks to create innovations based on sustainability is in line with Islamic values (Refani, 2020). The development of products and business strategies that are not only financially profitable but also environmentally friendly reflects efforts to achieve one of the important goals of Maqashid Syariah, namely protecting assets and the environment.

*H1: Green Dynamic Capability has a positive and significant effect on Innovation Capability*

*H2: Green Dynamic Capability has a positive and significant effect on Maqashid Syariah*

### **The Influence of Innovation Capability on Business Sustainability**

Innovation Capability is a key factor in determining business sustainability in the modern era. The ability to innovate enables companies to develop products, services, and processes that not only meet changing market needs but also provide sustainable added value (Zuñiga-Collazos et al., 2020). Effective innovation can help companies create competitive advantages, reduce operational costs, and exploit new opportunities, all of which contribute to improving business sustainability. For example, companies that are able to develop green technologies or advanced digital solutions can improve operational efficiency and reduce their environmental impact, while also responding to consumer demand for more sustainable products (Untari, 2022).

On the other hand, business sustainability depends on a company's ability to adapt to changes in the external and internal environment. Continuous innovation enables companies to stay relevant and competitive in a dynamic market (Jan et al., 2020). By integrating innovative practices focused on sustainability, companies not only meet social and environmental expectations but also ensure their long-term business continuity. Sustainability-oriented innovation helps companies address challenges such as changing environmental regulations and shifting consumer preferences, which in turn supports business sustainability and creates long-term value for stakeholders (Nurcahyo, 2024).

*H3: Innovation Capability has a positive and significant effect on Business Sustainability*

## **The Influence of Maqashid Syariah on Innovation Capability and Marketing Strategies**

Maqashid Syariah are the principles of sharia that aim to protect five important aspects of human life: religion, soul, mind, lineage, and property. In a business context, the application of Maqashid Syariah can have a significant impact on Innovation Capability and Marketing Strategies (Nurcahyo, Rachmawati, et al., 2024). These sharia principles encourage companies to operate in an ethical and responsible manner, encouraging the development of innovations that are not only financially profitable but also in line with moral and social values. For example, in Islamic banking, Maqashid Syariah encourages the development of transparent and fair financial products, which in turn stimulates innovation in creating solutions that are in accordance with sharia principles (Salahuddin, 2012).

The implementation of Maqashid Syariah can strengthen Innovation Capability by providing a framework that supports the development of innovative and responsible products and services. Sharia principles direct companies to consider the social and environmental impacts of each innovation, thereby encouraging the creation of products that not only meet market needs but also contribute to community welfare and environmental preservation (Mawardi, 2010). In other words, innovations driven by Maqashid Syariah often include elements of sustainability and ethics that can increase the appeal of products and services in a market that is increasingly concerned about social and environmental responsibility. On the other hand, Business Strategies that are aligned with Maqashid Syariah enable companies to build trust and loyalty among consumers, partners, and other stakeholders (Salleh, 2022).

*H4: Maqashid Syariah has a positive and significant influence on Innovation Capability*

*H5: Maqashid Syariah has a positive and significant influence on Marketing Strategies*

## **The Influence of Marketing Strategies on Business Sustainability**

Marketing Strategies play a crucial role in supporting business sustainability. An effective marketing strategy can help companies adapt to market changes, meet consumer needs, and build a strong brand. In the context of business sustainability, marketing strategies that emphasize sustainability and social responsibility can strengthen relationships with consumers who are increasingly aware of environmental and social issues (Setiawanta et al., 2021). For example, companies that promote environmentally friendly products or commit to ethical business practices can attract customers who value sustainability, thereby expanding their customer base and increasing brand loyalty.

In addition, a well-planned marketing strategy can support business sustainability by helping companies create sustainable competitive advantages (Bestari, 2021). By leveraging market data and consumer trends, companies can identify opportunities for relevant product innovation and adjustment, which ultimately contributes to long-term growth (Panopulos, 2023). Implementing a sustainability-focused marketing strategy not only enhances a company's reputation among consumers and stakeholders, but also enables companies to manage risks and optimize resources, which are essential to ensuring long-term operational and financial sustainability (Nekmahmud, 2020).

*H6: Marketing Strategies have a positive and significant influence on Business Sustainability*

### **3. Research methods**

This study uses a quantitative method with the Structural Equation Modeling (SEM) Partial Least Squares (PLS) approach to analyze the relationship between variables in the context of PT Bank

Muamalat Central Java Province. SEM PLS was chosen because of its ability to evaluate complex models and measure relationships between constructs that cannot be measured directly (Hair, 2017). Data were collected through a survey designed to measure various relevant variables, including innovation capabilities, business strategies, and the implementation of Maqashid Syariah. To ensure comprehensive representativeness, this study used a saturated sampling technique, in which the entire population of permanent employees of PT Bank Muamalat Central Java Province, as many as 280 people, were sampled.

The use of saturated sampling aims to obtain an accurate and complete picture of the views and perceptions of all employees towards the variables studied. By involving all permanent employees as respondents, this study seeks to minimize bias and increase the validity of the findings. The data obtained were then analyzed using SEM PLS software, which allows researchers to test hypotheses and evaluate causal relationships between variables in more depth (Cooper, 2017). The results of this analysis are expected to provide valuable insights into the influence of innovation capabilities and business strategies on the implementation of Maqashid Syariah in the Islamic banking environment.

#### 4. Results and Discussion

##### a. Outer model

This study includes several stages of analysis. First, the validity of the indicators is evaluated to ensure that each indicator significantly reflects the latent construct being measured. Convergent validity is examined by looking at the factor loading value of each indicator against the latent construct. Indicators with high factor loading (generally more than 0.70) are considered to have good convergent validity. Second, discriminant validity is measured by ensuring that the latent constructs in the model have a high level of discrimination from each other, which can be checked through the Average Variance Extracted (AVE) and Fornell-Larcker Criterion. Third, the reliability of the indicators is also tested, which includes Cronbach's Alpha and Composite Reliability to ensure that the indicators consistently measure the same latent construct. Through the evaluation of the outer model, researchers can ensure that the measuring instrument used is valid and reliable, so that it can produce accurate and reliable research results.

**Table 1. 1 Measurement Evaluation Models**

Latent Variables	Convergent Validity		Internal Composite Reliability			Discriminant Validity
	Indicators	Loading	AVE	CR	CA	HTML
		> 0.70	>0.50	>0.70	>0.70	< 1
Green Dynamic Capability	GD .1	0.774				YES
	GD .2	0.782	0.785	0.977	0.710	
	GD .3	0.887				
	GD .4	0.799				
Maqashid Sharia	M S .1	0.747				YES
	M S .2	0.767				
	M S .3	0.856	0.724	0.935	0.741	
	M S .4	0.814				
	M S .5	0.732				



Latent Variables	Convergent Validity		Internal Composite Reliability			Discriminant Validity
	Indicators	Loading	AVE	CR	CA	HTML
		> 0.70	>0.50	>0.70	>0.70	< 1
Innovation Capability	IC .1	0.846				<b>YES</b>
	IC .2	0.766	0.812	0.932	0.876	
	IC .3	0.883				
Marketing Strategies	MSR.1	0.776				<b>YES</b>
	MSR.2	0.701	0.816	0.864	0.888	
	MSR.3	0.865				
	MSR.4	0.773				
Business Sustainability	BS .1	0.746				<b>YES</b>
	BS .2	0.823	0.718	0.926	0.930	
	BS .3	0.763				
	BS .4	0.755				
	BS .5	0.888				

This research uses Partial Least Square (PLS) to analyze and evaluate the validity and reliability of the model construct using Smart PLS. SmartPLS was carried out to test the Outer Model and Inner Model of the research. The outer model test is carried out to see the validity and reliability of indicators and variables in research (Hair, 2017). This can be seen based on 3 categories, namely (1) Convergent Validity which consists of an outer loading value with a value of >0.7 and an AVE value >0.5. (2) Internal consistency is seen based on Cronbach's alpha value >0.7 and Composite Reliability with criteria >0.7. (3) Discriminant validity is seen based on the Fornell-Lacker value where the root value of AVEsquare (diagonal) is greater than all other variable values and HTMT (heterotrait-monotrait correlation ratio) is less than 1. Based on the particulars, the indicators and variables in this research can be said to be valid and reliable.

**b. Inner Model**

The inner model in this study focuses on the analysis of causal relationships between identified latent constructs, such as innovation capability, business strategy, and implementation of Maqashid Syariah. The inner model examines how these latent variables influence and interact with each other, as well as their impact on the dependent variable. Through SEM PLS analysis, this study evaluates the direct and indirect relationships between constructs, using path coefficients to measure the strength and direction of the relationship between variables. This model also tests the significance of the relationship through bootstrapping tests to ensure that the results obtained are not only statistically significant but also practically relevant in the context of Islamic banking at PT Bank Muamalat, Central Java Province.

Table 1.2 Hypothesis Testing

	Original Sample	Sample Mean	Standard Deviation	T-Statistics	P-Value
Green Dynamic Capability towards Innovation Capability	0.426	0.433	0.102	4.191	0.000
Green Dynamic Capability for Maqashid Syariah	0.630	0.638	0.069	9.104	0.000
Innovation Capability towards Business Sustainability	-0.075	-0.068	0.064	1.175	0.120
Maqashid Syariah towards Innovation Capability	0.441	0.434	0.102	4.315	0.000
Maqashid Syariah towards Marketing Strategies	0.827	0.830	0.033	25,443	0.000
Marketing Strategies for Business Sustainability	1,061	1,055	0.062	17,039	0.000

**a) Green Dynamic Capability towards Innovation Capability**

The test results show that Green Dynamic Capability has a significant positive effect on Innovation Capability with an original sample value of 0.426, T-statistics of 4.191, and P-value of 0.000. This indicates that Bank Muamalat is improving green-based dynamic capabilities, or the organization's ability to adapt and innovate using environmental sustainability principles, will encourage an increase in the company's innovation capabilities. Empirically, in the field this can be illustrated through examples of companies that integrate environmentally friendly principles into their business strategies. For example, many manufacturing companies are starting to switch to more environmentally friendly production technologies, such as the use of renewable energy and recycled materials (Ahenkora, 2014). These steps not only increase resource efficiency but also create innovative products that are more attractive to consumers who are increasingly aware of environmental issues. Therefore, organizations that have green-based dynamic capabilities will tend to be more able to create sustainable and competitive innovations in the global market (Pham et al., 2016).

**b) Green Dynamic Capability for Maqashid Syariah**

A significant positive effect is also seen in the relationship between Green Dynamic Capability and Maqashid Syariah, with an original sample value of 0.630, T-statistics 9.104, and P-value 0.000. This means that Bank Muamalat holds green-based dynamic capabilities that are able to support the implementation of Maqashid Syariah, namely sharia principles that aim to achieve public welfare. In the field, companies that combine sustainability values with sharia principles tend to be more attractive to markets that are sensitive to religious issues, especially in Muslim-majority countries. For example, sharia banks and halal food companies that pay

attention to sustainability aspects in their production, such as the use of renewable energy and environmentally friendly materials, get a positive response from consumers (Harsch, 2020). The combination of green innovation and sharia principles helps strengthen public trust and increase the competitiveness of organizations in sharia-based industries (Riduan, 2021).

**c) Green Dynamic Capability towards Innovation Capability and Business Sustainability**

This hypothesis test shows a negative relationship between Green Dynamic Capability and Innovation Capability on Business Sustainability with a P-value of 0.120, which means the results are not statistically significant. Nevertheless, this relationship is still interesting to observe (Joshi, 2015). In the field, several companies that develop green-based dynamic capabilities and innovate do not always succeed in improving business sustainability in the long term. This can be caused by various factors, such as high initial investment costs to implement environmentally friendly technology or lack of policy support from the government (Dewaelheyns et al., 2023). For example, several renewable energy technology companies face challenges in achieving sustainable economies of scale, especially in emerging markets where the infrastructure is not yet ready. This condition illustrates that although green innovation is a positive step, without the right support and strategy, it may not always directly improve business sustainability.

**d) Maqashid Syariah towards Innovation Capability**

The relationship between Maqashid Syariah and Innovation Capability also shows a significant positive result, with a T-statistic value of 4.315 and a P-value of 0.000. This indicates that the application of Maqashid Syariah principles in business can encourage increased innovation capabilities. In the field that Bank Muamalat holds, this can be found in the Islamic finance sector and the halal industry, where Islamic principles not only focus on profitability but also on social and environmental impacts (Firdaus, 2013). Many companies engaged in this industry have begun to develop innovative products that are in accordance with Islamic values and at the same time consider aspects of environmental sustainability (Nurcahyo, Widagdo, et al., 2024). For example, Islamic banks that introduce financial products that not only meet customer needs according to Islamic law, but also provide benefits to local communities and support environmental conservation.

**e) Maqashid Syariah on Marketing Strategies**

A significant influence is also seen in the relationship between Maqashid Syariah and Marketing Strategies with a T-statistic value of 25.443 and a P-value of 0.000. This indicates that the application of Maqashid Syariah principles can help companies in developing effective marketing strategies (Aisyah, 2018). In the field that Bank Muamalat held, many companies use this approach in designing their marketing campaigns, especially to attract consumers in the Muslim market. For example, halal food companies or cosmetic products that follow sharia guidelines often use Maqashid Syariah values to promote their products as not only halal, but also ethical and environmentally friendly (Rachmawati et al., 2023). This approach has proven effective in attracting consumers who are increasingly aware of ethical and sustainability issues, thus giving companies a strong competitive advantage.

**f) Marketing Strategies for Business Sustainability**

The relationship between Marketing Strategies and Business Sustainability also shows a very strong influence with a T-statistic value of 17.039 and a P-value of 0.000. This shows that the right marketing strategy can significantly support business sustainability. In the field that Bank



Muamalat held that successfully integrated sustainability principles into their marketing strategies are often more successful in building strong brands and gaining consumer loyalty (Utama & Murti, 2021). For example, companies that actively promote their commitment to responsible business practices, such as the use of environmentally friendly materials and empowering local communities, tend to get greater support from consumers and stakeholders (El Badawy et al., 2018). This marketing strategy that prioritizes sustainability not only improves the company's image, but also strengthens business continuity in the future.

**Table 1.3 Testing Mediation Effects**

	Original Sample	Sample Mean	Standard Deviation	T-Statistics	P-Value
Green Dynamic Capability>Innovation Capability>Business Sustainability	1,032	-0.030	0.030	1,072	0.142
Maqashid Syariah>Innovation Capability>Business Sustainability	-0.033	-0.030	0.030	1.110	0.134
Green Dynamic Capability>Maqashid Syariah> Innovation Capability	-0.021	-0.019	0.019	1,073	0.142
Maqashid Syariah>Marketing Strategies>Business Sustainability	0.878	0.878	0.069	12,760	0.000
Green Dynamic Capability>Maqashid Syariah> Marketing Strategies> Business Sustainability	0.553	0.560	0.086	6,443	0.000
Green Dynamic Capability>Maqashid Syariah> Innovation Capability> Business Sustainability	0.278	0.276	0.071	3,940	0.000

Based on Table 1.3 which tests the mediation effect at Bank Muamalat, Central Java Province, there are several important findings that can be explained:

**1. Green Dynamic Capability towards Innovation Capability and Business Sustainability:**

The test results show that green dynamic capabilities on innovation and business sustainability are not significant with an original sample of 1,032, sample mean -0.030, standard deviation 0.030, T-statistics 1.072, and P-value 0.142. This indicates that the implementation of green dynamic capabilities has not effectively contributed towards innovation and business sustainability at Bank Muamalat at the research location. In the field, this may be related to the less than optimal utilization of environmentally friendly resources.

**2. Maqashid Syariah towards Innovation Capability and Business Sustainability:**

The influence of Maqashid Syariah is also not significant with the original sample -0.033, sample mean -0.030, standard deviation 0.030, T-statistics 1.110, and P-value 0.134. Although sharia values are applied, there has been no significant impact on innovation capabilities or

business sustainability. This shows that in the field, the implementation of maqashid syariah requires further improvement to significantly support innovation.

**3. Green Dynamic Capability through Maqashid Syariah towards Innovation Capability:**

This test produces an original sample of -0.021, sample mean of -0.019, standard deviation of 0.019, T-statistics of 1.073, and P-value of 0.142. The results are not significant, which means that the integration efforts between green dynamic capabilities and maqashid sharia have not been able to produce a strong impact on innovation capabilities at Bank Muamalat.

**4. Maqashid Syariah towards Marketing Strategies and Business Sustainability:**

On the other hand, the influence of Maqashid Syariah on marketing strategy and business sustainability is significant with an original sample of 0.878, a sample mean of 0.876, a standard deviation of 0.069, a T-statistic of 12.760, and a P-value of 0.000. This shows that the implementation of maqashid syariah has a very significant positive influence on marketing strategy and business sustainability. In the field, Bank Muamalat is able to utilize sharia principles to strengthen marketing strategies and create long-term business sustainability.

**5. Green Dynamic Capability for Maqashid Syariah through Marketing Strategies and Business Sustainability**

The influence of green dynamic capabilities on marketing strategies through Maqashid Syariah is also significant, with an original sample of 0.553, a sample mean of 0.560, a standard deviation of 0.086, a T-statistic of 6.443, and a P-value of 0.000. This shows that the implementation of green policies in accordance with maqashid syariah has a significant impact on strengthening Bank Muamalat's marketing strategy.

**6. Green Dynamic Capability for Maqashid Syariah through Innovation Capability and Business Sustainability**

Directly has a significant effect on innovation capability with an original sample of 0.278, sample mean of 0.276, standard deviation of 0.071, T-statistics of 3.940, and P-value of 0.000. This indicates that the implementation of green capability has successfully supported innovation at Bank Muamalat. In the field, this can reflect that banks are starting to be able to balance the principles of sustainability with innovation in banking products.

Overall, the results of this mediation test indicate that the implementation of maqashid sharia and green dynamic capabilities at Bank Muamalat Central Java has strong potential in strengthening marketing and innovation strategies. However, there are still some areas such as direct effects on business sustainability that need to be improved so that the impact is more significant.

## 5. Conclusion

From the results of the test of 12 hypotheses conducted, it can be seen that the influence of *Green Dynamic Capability* and *Maqashid Syariah* on innovation, business sustainability, and marketing strategy has a significant variation. Several hypotheses, such as the relationship between *Green Dynamic Capability* and *Maqashid Syariah* on innovation and business sustainability, show insignificant mediation results, which means that the implementation of environmentally friendly policies and sharia principles at Bank Muamalat, Central Java Province has not fully impacted on increasing innovation capabilities and business sustainability. This indicates that in the field, further optimization is still needed in the implementation of green and sharia strategies to strengthen their impact on innovation and operational sustainability. On the other hand, several hypotheses show very

significant results, such as the influence of *Maqashid Syariah* on marketing strategy and business sustainability, as well as the influence of *Green Dynamic Capability* on innovation and marketing strategy. This shows that the sharia values implemented at Bank Muamalat have succeeded in mediating marketing strategies effectively and contributing to business sustainability. In addition, environmentally friendly policies integrated with sharia principles have been shown to support innovation and strengthen marketing strategies. Thus, these results provide an overview that Bank Muamalat can increase its competitiveness through a green and sharia approach, especially in strengthening marketing strategies and product innovation.

## 6. Suggestions / Implications

The managerial implications resulting from this study provide several important guidelines for the management of Bank Muamalat of Central Java Province to improve innovation performance, marketing strategies, and business sustainability through the implementation of Green Dynamic Capability and Maqashid Syariah. First, the bank needs to optimize the implementation of Green Dynamic Capability which has not had a significant impact on innovation and business sustainability. A more integrated strategy in utilizing environmentally friendly and sustainable resources must be designed to encourage product innovation and more efficient operations. In its implementation, Bank Muamalat can strengthen collaboration with third parties or business partners who have expertise in green technology and sustainability to increase the competitiveness of sharia-based banking product innovation.

Second, the implementation of Maqashid Syariah which has been proven to be significant for marketing strategy and business sustainability needs to be maintained and further developed. Banks can focus on education and marketing campaigns based on strong sharia values, as well as providing clarity to customers on how their products and services are in accordance with sharia principles and sustainability. This strengthening can have implications for increasing customer loyalty and expanding market share, especially among customers who are increasingly concerned about sustainability and ethics in banking transactions. Management must focus on improving corporate image through innovation based on sharia values and targeted marketing strategies.

Third, to ensure the successful implementation of these two strategies, Bank Muamalat needs to implement a periodic monitoring and evaluation mechanism for the results of the implementation of Green Dynamic Capability and Maqashid Syariah. By monitoring these developments, management can immediately make necessary adjustments and innovations. For example, if the integration of green capabilities with maqashid syariah has not produced maximum impact, the bank can review the strategy to be more focused and in accordance with market needs. In addition, training and capacity building for employees related to the implementation of green and sharia policies also need to be improved to achieve optimal sustainability.

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