**THE INFLUENCE OF ISLAMIC LEADERSHIP AND ORGANIZATIONAL CULTURE ON EMPLOYEES PERFORMANCE OF AGENCY SHARIAH FINANCE**

**Lisa Efrina**

Faculty of Shari’ah Economics, Universitas Islam An Nur Lampung, Indonesia

*Email:* *lisaefrina25@gmail.com*

**Abstract:** Competition in the increasingly fierce of globalization era requires agencies or companies to continue to improve their performance in improving the performance of their employees by creating a pleasant and equal work environment between members of the organization. This research aims to examine the influence of Islamic leadership and organizational culture on employee performance. This research was conducted at sharia multi-finance company. The sampling method in this research is the saturated method. sampling of 35 respondents. Data analysis used the SPSS program with multiple regression analysis. The research results show that Islamic leadership has a positive influence on employee performance. What leaders do becomes an example and model for their subordinates. Leadership also requires the totality of its subordinates to work optimally to support maximum performance improvement. Leaders have also shown the same attitudes, thoughts and work patterns, while the organizational culture has not. affect employee performance. because the indication is that every employee is still guided by the old culture without disrupting performance. Furthermore, Islamic leadership and organizational culture variables simultaneously have a positive effect on employee performance. This variable does have a strong relationship. Organizational culture will not be created without a leader who is of course followed by organizational members.

***Keywords****: Islamic Leadership, Organizational culture and Employee Performance*

1. **Introduction**

Competition in the current of globalization era means that companies are required to always improve performance and productivity. In company activities, human resources play a very dominant role. The success or failure of a company in achieving company goals depends on the ability of its human resources or employees to carry out their assigned tasks (Oktavia, 2017). (Karsono & Puspita, 2017) suggests that improvements in a company's performance are visible and determined based on employee performance. Performance is a result of work, both quality and quantity, obtained from an employee in completing his duties in accordance with the responsibilities given to him.

Employees are an important asset in an organization, because employees have talents and abilities and have creativity which is really needed in the organization to achieve its goals. Seeing the intense competition between companies today, it is hoped that employees will have a strong commitment to the organization in order to achieve optimal performance to continue to advance the organization. (Fauzan & Fathiyah, 2017). Other opinions expressed by (Rahayu & Cahyono, 2018) that the quality of human resources or employees has a very close relationship in achieving the work results of each individual in a company or organization.

An organization really needs good coordination and communication so that within the scope of the organization itself it can run in accordance with the responsibilities of each individual. If there is no coordination within an organization, it will be very difficult for the company or institution to run well. This coordination can be done by establishing good communication between fellow employees and employees with leaders in the company or institution.(Ariyani et al., 2016)

There are several factors that influence performance, including the Islamic leadership style factor. A leader is a person who is able to provide a vision and mission in an organization. Apart from that, leaders are also one of the determining factors for the success or failure of an organization. A leader is said to be successful if he is able to manage his position, is able to anticipate and is able to realize the specified time period. The history of leadership theory says that the best leadership is the leadership model exemplified in the Islamic religion. The leadership model referred to as the leadership example of Rasulullah is essentially the greatest human being in the history of mankind, namely Rasullullah SAW. (Harahap, 2017). (Aziz & Shofawati, 2015) suggests that leadership in Arabic is called caliphate. Islamic leadership in an organization is obtained based on Islamic sources and then applied in the organization through Islamic beliefs and practices based on the Al-Qur'an and Sunnah. Spiritually based leaders will assume that the world is a journey to plant seeds of goodness that will be harvested in the afterlife. (Adiba, 2018). Other Opinion was stated by (Wijayanti & Wajdi, 2013) that in a leadership, a leader must be able to influence the behavior of subordinates so that want to cooperate and work productively to achieve the organization goals. Based on the other research results in addition to Islamic leadership, organizational culture also plays a role to improving the employee performance in achieving company goals. The Organization culture becomes one of the factors that allegedly can create a performance good employees. Culture means to make someone keep trying to get to know each other and do the dialog (Mahfud, 2014). Similarly, the organization, Islamic organization was established and then spread to various regions in Indonesia. Social conditions, political, economic, education, and the religion of Muslims (ummah) is a driving factor in the emergence of Islamic organizations (Rasyidin, 2016). Organizational culture tends to be created by all members of the organization, if this culture can grow well it will create a pleasant work environment. (Fauzan & Fathiyah, 2017). Culture plays an important role in an organization, so the stronger the culture that is instilled in employees, the better the quality of their performance. Conversely, the weaker the organizational culture, the worse employee performance will be. In an Islamic perspective, the purpose of establishing an organization should be in line with the purpose of human life as God's caliph on earth (Firdaus, 2018).

Islamic financial institutions that operates in accordance with Islamic sharia principles, namely that financial institutions in their operations follow and are based on the provisions of Islamic sharia. Especially regarding procedures related to Islam. Therefore, it is important to have an Islamic leadership style concept in organizations that have implemented the basic principles of sharia or Islamic law in achieving organizational challenges. This aims to improve the performance of each employee (Tumimbang et al., 2017).

The phenomenon that Islamic leadership values ​​and organizational culture in business have a very important role in improving the quality of performance encouraged the author to conduct research. This research tries to explore the influence of Islamic leadership and organizational culture on the performance of Islamic financial institutions. Both test and analysis techniques will produce different conclusions or vice versa, so that they will add to research literature and become input for interested parties.

**Employee Performance**

Performance is a combination of behavior with expected achievements and choices or parts of the tasks available to each employee to achieve organizational goals. In general, job performance refers to how well a person can do the job. Performance can be interpreted as all behavior carried out by employees in their work (Jex & Britt, 2014). (Sukaryanti, 2016) In his research, it was explained that an employee is able to have a high level of performance if there is a match between his job and his abilities. If these things can be fulfilled then a sense of responsibility will automatically arise in work and a willingness to participate in achieving the goals of an organization through carrying out duties and responsibilities optimally. Because usually people whose performance is high are called productive people and conversely people whose performance levels do not reach standards are considered unproductive or low performers.

**Islamic Leadership**

Leadership essentially complements what is lacking in leadership. Leadership is not just a certain position, but a complex process that involves interactions between leaders and external partners/employees in the organization, motivation and framework cannot be separated (Hakim, 2012). It is very important for companies to ensure that managers apply an appropriate leadership style to their employees and the development of organizational performance. The leadership applied to leaders varies according to needs so as to encourage subordinates to make the best contribution to the company, with effective leadership it can improve employee performance. (Prayatna & Subudi, 2016) His research shows several leadership styles as follows: autocratic, bureaucratic, charismatic, democratic, participative, situational, transactional and transformational.

The effectiveness of a good leader's leadership style is when a leader can read the situation at any time. Good communication between leaders and employees also has the greatest influence on employee performance. It is proven from previous research which shows that Islamic leadership has a positive influence on employee performance. On the other hand, many previous studies have found that employees perform better when they are empowered. However, the impact of leadership style has not been revealed specifically whether it is appropriate or effective for empowering employees.

**Organizational culture**

Organizational culture is one of the topics most studied by researchers in the organizational behavior literature. Organizational culture is closely related to employee empowerment in an organization (Cooper-Hakim & Viswesvaran, 2005). Organizational culture influences the way people act and must be a benchmark in every development of an organization. Organizational culture can help employee performance, because it creates the best level of ability in exploiting the opportunities provided by the organization, it is also a system of shared meaning shared by members of the organization that differentiates it from other organizations (Prof. Jusmaliani, 2023).

Another statement made by Sutrisno is that organizational culture is likened to an invisible social force in an organization in a company or agency. Organizational culture on the other hand can be a means of motivating organizational members in carrying out work activities. Organizational culture can also be measured by whether employee performance in the company increases or not. Because actually a good organizational culture will create and produce good work, and vice versa, if the organizational culture is not good or irregular, it can have an impact on employee performance, which of course will also be irregular. Decreased employee performance can have a negative impact on the company itself (Edy Sutrisno, 2019).

Previous research findings provide evidence that organizational culture is proven to be better at improving performance quality (Chipunza & Malo, 2017). A good organizational culture improves individual performance (Biswas, 2015). Organizational culture helps in internalizing shared relationships that lead to effective management of organizational processes. Productivity and organizational culture help in improving performance. Organizational work performance has a strong influence on a strong organizational culture because it leads to increased productivity. Organizational norms and values ​​based on different cultures influence workforce management. All previous research results show that there is a positive influence between organizational culture on employee performance in an organization.

**Conceptual Framework**

Based on the explanation presented in the theoretical analysis section, the following conceptual framework was created:

**Figure 1.**

**Conceptual Framework**

Islamic Leadership

(X1)

 H3

 H1

Employee Performance

(Y)

Organizational Culture(X2)

 H2

Based on the explanation of the results of previous research, the following hypothesis is proposed:

H1 : Islamic Leadership influence to employee performance

H2 : Organizational Culture influence on employee performance

H3 : Islamic Leadership and organizational Culture affect the employee performance

1. **Methods**

The research method used in this research is a quantitative descriptive research method. Primary data is obtained directly from the research object, as well as from data in the form of interviews with respondents. Secondary data, obtained from relevant literature or reading, as well as documentation of the research location. The data collection method used was a questionnaire given to all Islamic financial institutions employees. This survey questionnaire is divided into two parts. The first part discusses the demographic profile of respondents, while the second part examines the level of respondents' agreement with the Islamic leadership item questions. Respondents were asked to indicate whether they agreed or disagreed with several statements on a five-point Likert scale from 1 = strongly disagree to 5 = strongly agree. Items used to measure Islamic leadership, organizational culture and employee performance. Items used to measure Islamic leadership (8 items), organizational culture (13 items), and employee performance (4 items).

The population in this study was all employees with a population of 35 employees. The sampling method uses saturated sampling, namely a sampling technique when all members of the population are sampled. So the number of samples in this study was 35 respondents or all employees of Islamic financial institutions.

The data analysis test tool uses multiple linear regression analysis which aims to test the influence of the independent variable on the dependent variable. To check the validity of the data obtained from the field, it will be tested first using the following test:

The t test is a statistical test which aims to see how much influence one of the independent variables has on the dependent variable. If the test results produce tcount > ttable or tcount < ttable, then the independent variables individually have an influence on the dependent variable.

The F test basically shows whether all independent variables have a joint influence on the dependent variable. Testing is carried out by measuring the probability significance value. If the significance value is <0.05 then the hypothesis is accepted. This means that together the independent variables have a significant influence on the dependent variable. Conversely, if the significance value is > 0.05 then the hypothesis is rejected. This means that together the independent variables do not have a significant influence on the dependent variable.

1. **Results And Discussion**

**3.1 Results**

**Test Of Multiple Linear Regression Analysis**

Based on the table, can be made equation models multiple linear regression as follows:

**Y= 0,609 + 0,000X1 + 0,642**

**Table 1.** **Multiple Linear Regression Test Results**

|  |  |
| --- | --- |
| Unstandardized Coefficients | Standardized Coefficients |
| Model | B | Std. error | Beta | T | Sig |
| (constan) | 1.642 | 3.179 |  | .192 | .609 |
| X1 | \_-480 | .059 | .778 | 8.157 | .000 |
| X2 | -017 | .035 | -261 | -.469 | .642 |

**The t test**

The t test is used to see the level of significance of the independent variable on the dependent variable partially. Here are the test results:

**Table 4. T test Results**

|  |  |
| --- | --- |
| Unstandardized Coefficients | Standardized Coefficients |
| Model | B | Std. error | Beta | T | Sig |
| (constan) | 1.642 | 3.179 |  | .192 | .609 |
| X1 | \_-480 | .059 | .778 | 8.157 | .000 |
| X2 | -017 | .035 | -261 | -.469 | .642 |

**Variable Islamic Leadership**

 The Influence of Islamic Leadership Style on PT Employee Performance. BFI Finance Syari'ah Lampung can be seen from the results of the t test carried out using the SPSS program. The results of the t test on variable X1 on Y show that the significance value contained in it. So it can be concluded that variable

Hypothesis testing that has been carried out shows that the first hypothesis is accepted, which means there is a significant influence between Islamic leadership style on employee performance. This shows that the focus in this research is related to what leaders do with the leader's ability to motivate his subordinates to do something more than just the intentions and abilities they think they have. What leaders do becomes an example and model for their subordinates. Leaders also require the totality of their subordinates to be able to work optimally to support maximum performance improvement. Leaders must show the same attitudes, thoughts and work patterns, because in that sense leaders are role models. Without having to say much, subordinates will follow the example. The results of this study are similar to several previous studies which also used the same variables. One of them is research conducted by (Harahap, 2017) with the title "The Influence of Islamic Leadership and Work Motivation on PT Employee Performance. Bank Syariah Mandiri, Tbk KCP Sukaramai Medan”. A leader is someone who is able to create the company's vision and mission. an organization. Leaders are also the main factor that determines the success or failure of an organization. Of course, an organization can be said to be successful if a leader can protect its members, and is also able to manage and run it in accordance with applicable regulations. Expected goals have been agreed within a certain time period. (Fauzan & Fathiyah, 2017) opinion shows that the role of a leader is apart from being able to protect his members, a leader is also expected to be able to channel knowledge and experience to his members. Strengthening Prayatna and Subidi's opinion that the effectiveness of a good leader's leadership style is if a leader can read the situation they are facing at any time. Good communication between leaders and employees also has a big influence on employee performance. From the research results. previously showed that there was a positive influence between Islamic leadership style on employee performance in an organization (Prayatna & Subudi, 2016).

**Variable Organizational Culture**

The influence of organizational culture on the performance of Islamic financial institution employees can be seen from the t test that has been carried out. The results of the t test explain that the calculated t value is -0.469, while the t table value is 2.040, meaning that the calculated t value is smaller than the t table value. The significance value is 0.642, which means it is greater than 0.05. It can be concluded that organizational culture variables have no influence on employee performance.

Hypothesis testing that has been carried out shows that the first hypothesis is rejected, which means there is no influence of organizational culture on employee performance. The strong culture of an organization is based on managers and leaders who help in increasing the level of performance. The research results show that organizational culture is not effective because there are indications that every employee still relies on the old culture, although it does not interfere with performance, it definitely still exists. opportunities for organizations to maximize their functions so that they can encourage improved employee performance to be even better. Therefore, Islamic organizational culture needs to be implemented in the Sharia Financial Institution environment to build the profile and behavior of employees who are professional, have high integrity and carry out the mandate of providing excellent service based on data results. and information quality statistics. In this way, service users' trust will increase faster and better.

The results of this research show that there are differences with the results of previous research conducted by (Ithri & Cahyono, 2018). The results of this research explain that there is a significant influence between organizational culture on employee performance at PT. East Java Regional Development Bank Tbk (Bank Jatim Syariah) Head Office in Surabaya. Another opinion was also expressed by Fatiyah and Fauzan who stated that organizational culture can be created by the members of the organization themselves, so that a comfortable and better environment will be created. This statement states that organizational culture tends to have a relationship with increasing the performance of an employee in an organization in a company or agency. 31 Another statement made by Sutrisno is that organizational culture can be considered an invisible social force in an organization in a company or agency. 32 Apart from being a motivational tool for organizational members in carrying out work activities, organizational culture can also be measured by whether or not employee performance in the company increases or not. Because actually a good organizational culture can create and provide good work results, and vice versa, if the organizational culture is not good or disorganized it can affect the performance of employees who are also disorganized. Decreased employee performance can have a negative impact on the company itself. All previous research results show that there is a positive influence between organizational culture on employee performance in an organization.

**The F Test**

The following are the conclusions obtained from the F test:

**Table 4. F Test Results**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Model | Sum of Sqouares | Df | Mean of Squar | F | Sig. |
| Regreeion | 41.083 | 2 | 20.542 | 34.960 | .000b |
| Residual | 18.802 | 32 | .588 |  |  |
| Total | 59.886 | 34 |  |  |  |

**Islamic Leadership and Organizational Culture Variables**

Based on the table above, it shows that the calculated F is 34.960 with a significance value of 0.000, where the significance value is smaller than the alpha value of 0.05, thereby providing a decision that simultaneously independent variables (Islamic leadership and organizational culture) have a significant influence on organizational performance. . significant influence on the dependent variable (employee performance).

Hypothesis testing that has been carried out shows that the third hypothesis is accepted, which means there is a simultaneous influence between the three variables. It can be seen again from the discussion of hypotheses 1 and 2 that it can be concluded that organizational culture and Islamic leadership style have a strong relationship with employee performance. Organizational culture will not be created without a leader who must be followed by organizational members. So it is clear that good leaders are needed in an organization. As for assessing whether a company is successful or not, it can be seen from the performance of the company's employees. Increasing employee performance can have an impact on company life or not. So, it can be said that organizational culture, Islamic leadership style and employee performance have a relationship and influence on each other.

1. **Conclusion**

From the research results it was concluded that: First. Islamic leadership variables influence employee performance. What leaders do becomes an example and model for their subordinates. Leaders also require the totality of their subordinates to be able to work optimally to support maximum performance improvement. Leaders have also demonstrated the same attitudes, thoughts and work patterns. This research is different from previous research conducted by Fauzan dan Fathiyah. The research results show that there is a positive influence between Islamic leadership style on employee performance in an organization. The effectiveness of a good leader's leadership style is when a leader can read the situation he is facing at any time. Good communication between leaders and employees also greatly influences employee performance. Second. Organizational culture variables have no influence on employee performance. Because there are indications that every employee still adheres to the old culture even though it does not interfere with their performance. This research does not support previous research conducted by Cahyono, the results of this research explain that there is a significant influence between organizational culture on employee performance at PT. East Java Regional Development Bank Tbk (Bank Jatim Syariah) Surabaya Head Office. To build an Islamic organizational culture, all actors in the organization must have a sense of need and carry out their work with a sincere heart and must learn a lot, especially in terms of sharia. In this way, each employee will work with a sense of responsibility in carrying out their duties, so that all employees will be actively involved in achieving organizational goals. Third. The variables of Islamic leadership and organizational culture simultaneously have a significant influence on employee performance. This variable does have a strong relationship. Organizational culture will not be created without a leader who must be followed by organizational members.

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