

Employee Performance in Islamic Organization: Islamic Leadership, Work Environment, and Job Satisfaction

Rana Rabbad¹, Herni Justiana Astuti²

{ranarabbad@gmail.com¹, herni99@ump.ac.id²}

Faculty Economics and Business, Universitas Muhammadiyah Purwokerto, Indonesia^{1,2}

Abstract. This study aims to explore the relationship between Islamic leadership, work environment, and job satisfaction on employee performance. A convenient sample of 142 respondents was selected for this study, out of the 721 employees of Universitas Muhammadiyah Purwokerto that comprised the population under consideration. A quantitative survey approach was used to gather data. The data in this study were analyzed using SMARTPLS version 3.3.4 software and the Partial Least Square (PLS) method. The study's conclusions demonstrate that Islamic leadership, the work environment, and job satisfaction all positively and significantly impact worker performance. The findings of the study offer knowledge that can enhance employees' productivity at work. Organizations should prioritize enhancing the working environment, Islamic leadership and job satisfaction to achieve this. Offering employees the chance to learn and develop, as well as fostering a positive and supportive work environment, are some measures for improvement.

Keywords: Islamic Leadership, Job Satisfaction, Work Environment, Employee performance

1 Introduction

The capacity of a company's human resources to alter performance. Human resources are the most important and valuable resource for an organization's success since they may impact performance and act as an essential resource for achieving organizational objectives. Employers' mental and physical requirements are therefore taken into consideration by organizational managers, who work to enhance workers' personal and professional performance through a variety of means, including job design, and performance review. Employee performance on the job determines whether an

organization succeeds or fails [1]. According to [2] Islamic educational institutions that incorporate Islamic principles into organizational operations naturally desire that each member of the organization incorporate Islamic principles into the performance of their assigned duties. The application of Islamic principles as a way for people to serve God and submit to his unity. Employee experience based on meaningful work completed, employee relationships, and workplace perfection and togetherness is reflected in the spirituality of the workplace. In order to foster creativity and a passion for work, organizations are supposed to establish a humanistic work environment for spirituality [3].

The performance of an individual is determined by a variety of factors, such as how much work they can complete in a workday, how well they follow rules and regulations, how reliable they are at completing tasks with little oversight, how often they show up for work each day and within the designated hours, and how well they collaborate with others to complete tasks and work to maximize efficiency [4]. Naturally, to maintain and enhance employee performance and benefit the organization, it is important to focus on factors like work environment, job satisfaction, and leadership style that could influence how well workers perform[5].

One of the variables that affects how well employees perform is leadership. Islam is a religion with principles that address every aspect of a person's life. It is also believed that Islam provides a comprehensive understanding of leadership. Thus, to understand leadership from the Islamic perspective, a unique and comprehensive approach is needed.

Because of this, it's critical to study leadership-related topics from an Islamic viewpoint to educate leaders about obtaining for Allah's sake as they carry out their duties and accomplish the intended outcomes [6]. The personal, moral, and religious underpinnings of Islamic leadership set it apart from traditional leadership. The Islamic foundations of leadership are regarded to be the Qur'an and Sunnah, the two primary sources of Shari'ah, along with the traditions of the early Muslims [7].

Achieving high performance necessitates effective work enhancement and the capacity to leverage employee human resources to achieve organizational objectives, both of which will favorably impact the organization's development. Furthermore, the business must consider a range of issues that could impact employee performance. In such instances, the organization's involvement in fostering a positive work environment is critical[8]. Additionally, an employee's performance may be impacted by their workplace. A comfortable workplace is a prerequisite for employees who are satisfied. There's little doubt that convenience will improve worker performance. On the other hand, workplace inconveniences can be lethal for employees, as seen in a drop in productivity [5].

In recent years, staff members have more and more required job satisfaction to support the performance of their jobs. An evaluation of a work experience might lead to a positive or pleasant emotional state, which is known as job satisfaction. An employee that is happy with their job will typically feel good about the environment they work in[9]. A vital element of any organization's success is job satisfaction. The subjective perceptions, objective feelings, and behavioral intents of workers within an organization are reflected in job satisfaction, which serves as a predictor of employee conduct. Therefore, by providing the outcomes of previous methods and employee

estimates for the future, planning for organizational improvement might involve using job satisfaction as a component of evaluations [1].

The science and art of management involve controlling how resources, including people, are used to accomplish goals effectively and efficiently. The study of human relations and the function of people in organizations is the focus of the management discipline known as HR management. Humans, who comprise the organization's workforce, are the component of HR management. Humans always have an active and prominent role in all organizational activities because they become employees, developers, and decision-makers in the accomplishment of organizational objectives. This goal was not achievable, regardless of how sophisticated the organization's methods were [10]. Thus far, Universitas Muhammadiyah Purwokerto has achieved notable strides. Thus, it can be said that employee performance is one of the key factors affecting an organization's total efficacy. This study examined the effects of Islamic leadership, the workplace, and job satisfaction on employee performance based on the phenomena previously mentioned. As a result, the problem's general formulation could be stated as follows: "How can the factors Islamic leadership, work environment, and job satisfaction influence employee performance?". For this reason, management must be aware of the variables influencing worker performance. Comprehending the variables that impact performance will empower the leadership of the organization to implement the appropriate measures to enhance employees' performance and align it with the firm's standards [11].

2 Research and Method

This study applied a quantitative research method to investigate the connection between three independent variables (Islamic leadership, work environment, and job satisfaction) and one dependent variable (employee performance). The Partial Least Square (PLS) approach is used in the data processing technique version SMARTPLS 3.3.4. According to [12], [13] scientifically grounded Partial Least Squares (PLS) program is known as SmartPLS. The application of model statistics and algorithms serves as its guiding concept. The relationship models to be analyzed are as follows:

- a. The connection between Islamic leadership (X1) and employee performance (Y).
- b. The connection between work environment (X2) and employee Performance (Y).
- c. The connection between job satisfaction (X3) and employee Performance (Y).

All 721 Universitas Muhammadiyah Purwokerto employees were the study's target population; 142 responses constituted the sample for this analysis. The method for data sampling was convenience sampling. According to [14], convenience sampling is the process of selecting a sample based on a researcher's chance encounter with a respondent who is a member of the population and willing to participate in the study.

For the study, the researchers created a 25-item questionnaire. A questionnaire is used as a data-gathering tool to get information from respondents. The instrument study variables were transformed into identifiable indicators, which guided the creation of response prompts for respondents.

According to the hypothesis, Universitas Muhammadiyah Purwokerto's Islamic leadership, work environment, and job satisfaction all significantly and positively impact employee performance. Understanding the intricate relationships between the various factors that influence employee performance in the contemporary workplace is essential. Since it is an Islamic university, Universitas Muhammadiyah Purwokerto functions in a special environment. Among key influences on worker performance include things like the work environment, job satisfaction, and Islamic leadership. According to [7] The Islamic foundations of leadership are the Qur'an and Sunnah, which are the primary sources of Shari'ah; they also include the Islamic worldview and the traditions of the early Muslims. Fundamentally, Islamic leaders are people who carry a continual fear of God with them in their work. Islam maintains that one of the most crucial elements in establishing and managing a community, an organization, and a state is leadership.

Certainly of that Allah's Messenger (SAW) said, Surely! Each of you is in charge of him and serves as a guardian: The Imam (head of the community) is a guardian and accountable to his subjects; a man is accountable to his family (household) and his subjects; a woman is accountable to her husband for protecting their home and children; a slave to a man is accountable for protecting his master's property. Without a doubt, every one of you is his guardian and accountable for his charges" [15]. It declares that, even in matters of the personal nature, we are accountable for everything and everyone that is in our care. The rich Islamic intellectual legacy, the Quran, and Hadith (the sayings of the Prophet Muhammad) all have a significant influence on the concept of Islamic leadership. Similar concepts are also employed to explore the relationship between Islamic leadership and employee performance in order to foster an environment that encourages increased productivity, increased job satisfaction, and overall corporate success. The features of the Islamic leadership model suggested by this study are: True (Al-Sidq), Trustworthy (Amanah), Intelligent (Faitnah), Conveying or deliberating (Tablighs), Reminder (Tazkirah), and Corporation (Ta'awun). The managers' policy is to motivate staff members to achieve significant increases in performance. Of the content theories he published in 1970, Maslow's need-based theory of motivation is the most well-known and arguably the most referenced. Each person has five basic wants, according to this theory: physiological, security, affiliation, self-actualization, and esteem. In addition to adequate clothing, food, shelter, and money, physiological needs also include happy and purposeful work settings. The need to fit in and be valued as an essential member of the group is one of the affiliation desires, which will increase workers' job happiness and output. The idea of Maslow's hierarchy of requirements relates to this inquiry since employee desires must be satisfied.

3 Results and Discussion

3.1 Measurement (Outer Model)

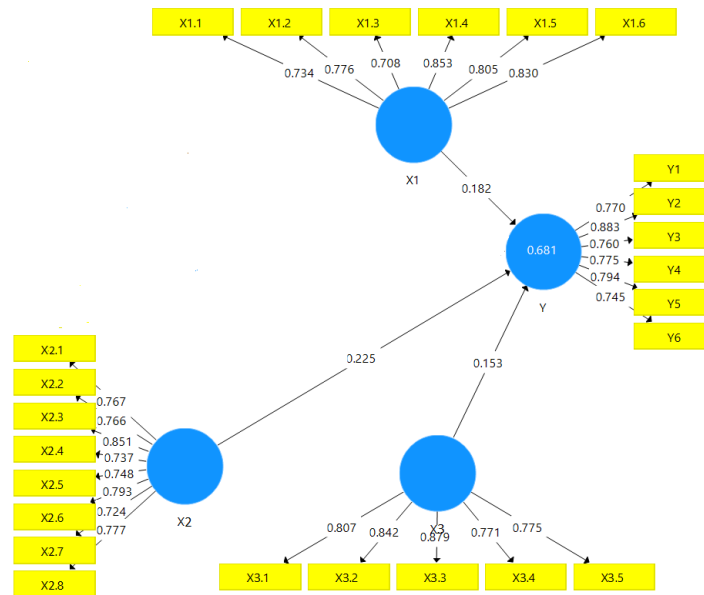


Fig. 1. Diagram of the variable analysis

Table 1. Demographics Data

Variable	Total	Percentage
Education Level		
SME	35	24.65
Bachelor	49	34.51
Master	36	25.35
PhD	22	15.49
Age Group		
18 - 30	29	20.4
31- 50	78	54.9
51- above	35	24.6
Gender		
Male	76	53.52
Female	66	46.48

Position		
Administration	81	57.04
Teaching	61	42.96
Work Experience		
1- 10 year	59	41.55
11- 20 year	33	23.24
21 - above	50	35.21

Table 2. Outer Loading

	X1 Islamic leadership	X2 Work environment	X3 Job satisfaction	Y Employee performance
X1.1	0.734			
X1.2	0.776			
X1.3	0.708			
X1.4	0.853			
X1.5	0.805			
X1.6	0.830			
X2.1		0.767		
X2.2		0.766		
X2.3		0.851		
X2.4		0.737		
X2.5		0.748		
X2.6		0.793		
X2.7		0.724		
X2.8		0.777		
X3.1			0.807	
X3.2			0.842	
X3.3			0.879	
X3.4			0.771	
X3.5			0.775	
Y1				0.770
Y2				0.883
Y3				0.760
Y4				0.775
Y5				0.794
Y6				0.745

The convergent validity values of each indicator are displayed based on Table 2. The loading factor value greater than 0.7 is acceptable. According to this table, the loading factor values of employee performance (Y), work environment (X2), job satisfaction (X3), and Islamic leadership (X1) are all larger than 0.7 according to this table. This demonstrates the validity of the indicators.

Table 3. Discriminant Validity (Cross loading)

	Islamic leadership X1	Work Environment X2	Job satisfaction X3	Employee Performance Y
X1.1	0.734	0.428	0.402	0.463
X1.2	0.776	0.482	0.417	0.509
X1.3	0.708	0.333	0.297	0.424
X1.4	0.853	0.637	0.446	0.545
X1.5	0.805	0.555	0.285	0.512
X1.6	0.830	0.451	0.295	0.518
X2.1	0.358	0.767	0.434	0.563
X2.2	0.436	0.766	0.339	0.575
X2.3	0.482	0.851	0.477	0.680
X2.4	0.465	0.737	0.299	0.541
X2.5	0.457	0.748	0.265	0.451
X2.6	0.526	0.793	0.308	0.465
X2.7	0.600	0.724	0.347	0.506
X2.8	0.530	0.777	0.276	0.467
X3.1	0.364	0.383	0.807	0.460
X3.2	0.402	0.389	0.842	0.511
X3.3	0.369	0.356	0.879	0.467
X3.4	0.383	0.386	0.771	0.403
X3.5	0.339	0.340	0.775	0.409
Y1	0.599	0.617	0.304	0.770
Y2	0.588	0.660	0.509	0.883
Y3	0.625	0.504	0.443	0.760
Y4	0.401	0.461	0.489	0.775
Y5	0.374	0.528	0.404	0.794
Y6	0.349	0.506	0.492	0.745

Based on the cross-loading value the discriminant validity of each variable construct is higher than that of the other variables. As a result, discriminant validity has been met by every indication in every variable in this study.

Table 4. Cronbach's Alpha, Composite Reliability and AVE

	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Islamic leadership X1	0.875	0.906	0.618
Work environment X2	0.903	0.921	0.595
Job satisfaction X3	0.874	0.908	0.666
Employee performance Y	0.878	0.908	0.623

Based on Cronbach's alpha values greater than 0.70 and composite dependability. Thus, it may be said that the construct has a high degree of reliability. Furthermore, all Average Variance Extracted (AVE) values are greater than 0.5, indicating strong validity for all constructs. Thus, it can be concluded that both the AVE values and the discriminant validity values meet the validity standards.

Table 5. R-Square value

	R Square
Employee performance Y1	0.681

Based on Table 5 which provides the R-value = 0.681. This suggests that the independent variables—Islamic leadership, work environment, and job satisfaction—will have an impact on 68,1% of the employee performance variable. In contrast, variables outside the purview of this study will influence 46.9% on the employee Performance variable.

Table 6. Hypothesis testing

Latent	Original Sample (O)	T Statistics (O/STDEV)	P Values	Noted
Islamic leadership X1 -> Y	0.182	2.239	0.025	Significant
Work environment X2 -> Y	0.225	2.624	0.009	Significant
Job satisfaction X3 -> Y	0.153	2.302	0.021	Significant

3.2 Result

The impact of Islamic Leadership (X₁) on Employee Performance.

The first hypothesis, that there is a beneficial correlation between Islamic Leadership and employee performance, is validated, according to the analysis of the hypothesis tests shown in the above table. It indicates that worker performance will rise in response to an increase in Islamic leadership. The findings of the hypothesis test about Islamic Leadership reveal that the p-value is 0.025 and the statistic is 2.239. T-table, however, is 1.96. The results indicate that X1 (Islamic Leadership) has a substantial influence on Employee Performance, as indicated by the t-test > t-table of 2.239 > 1.96 or the p-value (0.025) < $\alpha = 0.05$. This means taking on H1 and rejecting H0. It suggests that employee performance is impacted by Islamic leadership. It is possible to conclude that Hypothesis 1 is supported in light of the findings. This implies that Islamic leadership positively and significantly affects employee performance (Y). Universitas Muhammadiyah Purwokerto for example: employees led by Muslims, for instance, perform better than others because they are expected to imitate the traits of the prophet Muhammad SAW. This is because all Muslim attitudes and behaviors are a reflection of the teachings of the Qur'an and Sunah. The results of this

investigation align with those of previous studies that linked the performance of employees with Islamic leadership. According to [16] Islamic leadership has an enormous influence on workers' performance. Further research that corroborated the results (Muzaki & Supriyanto, 2021) concluded that Islamic leadership greatly raises employee performance.

The effect of Work Environment (X_2) on Employee Performance.

There is a beneficial relationship between employee performance and the work environment. Employee performance will rise as a result, enhancing the work environment. The work environment and employee performance were tested for relationships, and the results showed that the t-statistic was 2.624 and the p-value was 0.009. T-table, however, is 1.96. Because the t-test > t-table, which is $2.624 > 1.96$, or the p-value $(0.009) < \alpha = 0.05$, indicates that the work environment (X_2) has significant effects on employee performance results. It can be stated that Hypothesis 2 is supported in light of the findings. The study's findings are consistent with those of [8] which showed how worker performance is greatly impacted by the workplace. Additionally, the research conducted by [5] demonstrated that the work environment has a favorable and significant impact on employee performance. The various social and physical features of work environments have an impact on how people act, think, and function. Therefore, in order for businesses to maximize productivity and accomplish strategic objectives, it is imperative that they acknowledge the impact that the workplace has on employee performance.

The effect of Job Satisfaction (X_3) on Employee Performance.

There is a positive relationship between job satisfaction and employee performance. It suggests that when job satisfaction rises, employee performance will follow suit. The result of a hypothesis test correlating employee performance and job satisfaction shows that the p-value is 0.021 and the t-statistic is 2.302. T-table, however, is 1.96. The results of Employee Performance indicate a substantial influence of Job Satisfaction (X_3) on t-table ($2.302 > 1.96$) or p-value $(0.021) < \alpha = 0.05$. This means accepting H_1 and rejecting H_0 . It suggests that employee performance is impacted by job satisfaction. It is possible to conclude that Hypothesis 3 is supported in light of the findings. According to [17] the concept of job satisfaction is complex since it is connected to human emotions and perspectives. When workers believe the benefits of their jobs surpass the expenses and work involved and the difference is still large enough to support them, they are considered to be satisfied with their careers. According to Maslow's hierarchy of requirements, psychological demands are the most critical requirements for survival. food, clothes, shelter, medical attention, and so on. Therefore, if an employee is happy with their work, it indicates that the aforementioned conditions have been met and that they may be less stressed, which will allow them to concentrate better and produce more. For example, if an employee enjoys their job, are happy with their working environment, are satisfied with their compensation, have growth opportunities, have a supportive boss, and work well with colleagues, they will continue to make every attempt to enhance performance. The research's conclusions are supported by studies carried by [18], [19], [20] which demonstrated how job satisfaction affects performance.

3.3 Conclusion

In light of the findings of this research's data analysis and hypothesis testing, the following conclusions are drawn: The Islamic Leadership variable at Universitas Muhammadiyah Purwokerto has a positive and significant impact on employee performance; this shows that Islamic leadership that is effective can lead to enhanced employee performance. Employee performance at Universitas Muhammadiyah Purwokerto is positively and significantly impacted by the work environment variable. Finally, job satisfaction at Universitas Muhammadiyah Purwokerto has a significant and positive influence on worker performance. It should be possible for Universitas Muhammadiyah Purwokerto to preserve and enhance its services for job satisfaction, work environment, and Islamic leadership. As a result, employee performance would rise. This research was limited to Universitas Muhammadiyah Purwokerto in Indonesia. Given the substantial influence of the independent variables on employee performance in this study, it is hoped that subsequent researchers will utilize the findings as a foundation to expand on this research by examining other variables not covered in this study.

Acknowledgement. I would like to express my gratitude to the Universitas Muhammadiyah Purwokerto Faculty of Economics and Business for funding this research, as well as to my supervisor and examiners for their tireless work and contributions in making this study possible and successful. and my family, who have helped and encouraged me along my academic journey.

Data Availability Statement: The data used in this work may be requested from the corresponding author. Because of privacy concerns, the data is not available to the general public.

Statement of Informed Consent: Each research subject provided their informed consent.

Conflict of Interest: The authors have declared that they have no conflicts of interest. After reading the piece, they have all agreed to its publication.

References

- [1] S. S. Abdulkhaliq and Z. M. Mohammadali, "The Impact of Job Satisfaction on Employees' Performance: A Case Study of Al Hayat Company-Pepsi Employees in Erbil, Kurdistan Region-Iraq," 2019. doi: DOI:10.24818/mer/2019.12-07.
- [2] R. Daulay and E. Kurnia, "The Influence Of Islamic Organizational Culture, Work Ability And Emotional Intelligence On Employee Performance In Islamic Education Institutions," *Proceeding International Seminar on Islamic Studies*, vol. 2, 2021.
- [3] R. E. Fanggalda, M. Kurniawati, and H. Bahweres, "The Effect of Workplace Spirituality and Employee Performance (Perspective of Islamic Work Ethics Case Study on BTPN Syariah, Kupang)," 2020.
- [4] A. A. Kusuma, "The Effect Of Motivation And Work Environment On The Performance Of Hotel Employees, Muria Semarang The Effect Of Motivation And Work Environment On The Performance Of Hotel Employees, Muria Semarang under a Creative Commons Attribution-NonCommercial 4.0

International License (CC BY-NC 4.0),” *Jurnal Ekonomi*, vol. 10, no. 02, 2021, [Online]. Available: <http://ejournal.seaninstitute.or.id/index.php/Ekonomi>

[5] E. M. Putri, V. M. Ekowati, A. S. Supriyanto, and Z. Mukaffi, “The Effect Of Work Environment On Employee Performance Through Work Discipline,” *International Journal of Research-Granthaalayah*, vol. 7, no. 4, pp. 132–140, 2019, doi: 10.5281/zenodo.2653144.

[6] H. Zaim, E. Erzurum, S. Zaim, B. Uluyol, and G. Seçgin, “The influence of Islamic leadership on work performance in service industry: an empirical analysis,” *International Journal of Ethics and Systems*, 2022, doi: 10.1108/IJOES-12-2021-0242.

[7] I. Husti and M. Mahyarni, “Islamic Leadership, Innovation, Competitive Advantages, and Performance of SMEs in Indonesia,” *East Asia*, vol. 36, no. 4, pp. 369–383, Dec. 2019, doi: 10.1007/s12140-019-09325-7.

[8] D. Fatihudin and M. A. Firmansya, “The Effect of Work Environment on Employee Performance Through the Job Satisfaction in Drinking Water Company Pandaan Indonesia,” 2018. doi: DOI: 10.31142/ijmei/v4i11.01.

[9] S. Riyadi, “The Influence Of Job Satisfaction, Work Environment, Individual Characteristics And Compensation Toward Job Stress And Employee Performance,” *International Review of Management and Marketing*, vol. 9, no. 3, pp. 93–99, May 2019, doi: 10.32479/irmm.6920.

[10] Y. Badrianto and M. Ekhsan, “Effect Of Work Environment And Job Satisfaction On Employee Performance In Pt. Nesinak Industries,” 2020. [Online]. Available: <http://e-journal.stie-kusumanegara.ac.id>

[11] A. M. Panyiw Kessi, W. Z. Suwardi, A. Mukhtar, A. Asmawiyah, and D. Pratiwi AR, “Islamic Leadership, Emotional Intelligence, and Spiritual Intelligence on Passion of Work and Performance,” *Golden Ratio of Human Resource Management*, vol. 2, no. 1, pp. 15–26, Feb. 2022, doi: 10.52970/grhrm.v2i1.87.

[12] M. A. Memon, T. Ramayah, J. H. Cheah, H. Ting, F. Chuah, and T. H. Cham, “Pls-Sem Statistical Programs: A Review,” *Journal of Applied Structural Equation Modeling*, vol. 5, no. 1, pp. i–xiv, 2021, doi: 10.47263/JASEM.5(1)06.

[13] M. Sarstedt and J. H. Cheah, “Partial least squares structural equation modeling using SmartPLS: a software review,” Sep. 01, 2019, Palgrave Macmillan Ltd. doi: 10.1057/s41270-019-00058-3.

[14] A. Gunawan, N. Tubastuvi, S. Santoso, and E. Hariyanto, “The Effect Of Islamic Leadership, Work Stress, Compensation, Promotion And Motivation On Employee Performance,” *European Alliance for Innovation n.o.*, Sep. 2022. doi: 10.4108/eai.10-8-2022.2320779.

[15] M. ibn I. Bukhari and M. M. Khan, *Sahih al-Bukhari: the translation of the meanings of Sahih al-Bukhari: Arabic-English*. Darussalam Pub. & Distr, 1997.

[16] A. Prasetyo, M. Soleh, and N. Hidayati, “The Effect of Islamic Leadership and Islamic Compensation on Employee Performance with Employee’s Commitment as Moderation in Islamic Boarding School’s Businesses,” 2021, doi: 10.26740/al-uqud.v5n2.p292-306.

[17] P. Rinny, C. Bohlen Purba, and U. T. Handiman, “The Influence Of Compensation, Job Promotion, And Job Satisfaction On Employee Performance Of Mercubuana University,” 2020. [Online]. Available: www.webometrics.info/Asia/Indonesia

[18] M. S. Mira, Y. V. Choong, and C. K. Thim, “The effect of HRM practices and employees’ job satisfaction on employee performance,” *Management Science Letters*, vol. 9, no. 6, pp. 771–786, 2019, doi: 10.5267/j.msl.2019.3.011.

- [19] Wahyudi, "The Influence Of Job Satisfaction And Work Experience On Lecturer Performance Of Pamulang University," *Management and Bussines*, vol. 1, no. 2, 2018.
- [20] K. Saine, S. B. Santoso, H. J. Astuti, and B. C. Pratama, "The influence of principal's leadership, teacher competencies, academic supervisor, work motivation and job satisfaction on teachers' performance in secondary schools of the country of Gambia," *International Journal of Research in Business and Social Science* (2147- 4478), vol. 12, no. 9, pp. 428–439, Dec. 2023, doi: 10.20525/ijrbs.v12i9.3055.