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EXPLORING ISLAMIC LEADERSHIP ON SME PERFORMANCE: MEDIATED BY INNOVATIVE WORK BEHAVIOR AND FINANCIAL TECHNOLOGY

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Keywords: Islamic Leadership, SME Performance, Innovation Work Behavior, Financial Technology

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In 1998 when the monetary crisis hit Indonesia, small and medium scale businesses were relatively able to survive compared to large companies. That can occur because most small-scale businesses are not too dependent on large capital or loans from outside and use foreign currencies that are most likely to experience the impact of the crisis. Until now, Micro, Small, and Medium Enterprises, abbreviated as MSMEs, had an essential and strategic role in national economic development. The current condition of the Indonesian economy is far different from that of the economy ten years ago. One of the differences in the structure and construction of the Indonesian economy compared to 10 years ago is the rapid development of the digital economy and the 4.0 industrial revolution. According to Devezas et al. (2016), the impli-


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EXPLORING ISLAMIC LEADERSHIP ON SME PERFORMANCE: MEDIATED BY INNOVATIVE WORK BEHAVIOR AND FINANCIAL TECHNOLOGY

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In 1998 when the monetary crisis hit Indonesia, small and medium scale businesses were relatively able to survive compared to large companies. That can occur because most small-scale businesses are not too dependent on large capital or loans from outside and use foreign currencies that are most likely

to experience the impact of the crisis. Until now, Micro, Small, and Medium Enterprises, abbreviated as MSMEs, had an essential and strategic role in national economic development.

The current condition of the Indonesian economy is far different from that of the economy ten years ago. One of the differences in the structure and construction of the Indonesian economy compared to 10 years ago is the rapid development of the digital economy and the 4.0 industrial revolution. According to Devezas et al. (2016), the impli-

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cations of the development of the digital economy and the industrial revolution 4.0 are as follows: "Not only the patterns of consumption and production changed, but it also changes the future work and employment situation. That suggests that conventional economic activities previously done by unskilled laborers and/or by automation technology might be largely replaced by high skill and competencies laborers who can utilize information and communication technology advancement brought by the Industry 4.0".

As a result of these new developments in digitization, people's attitudes and lifestyles have changed to become more sensitive and critical of any changes. They have created new forms of interconnectivity between economic actors that have become increasingly creative, active, and productive. In line with these changes, and awareness has emerged, especially in developed countries, to not only rely on industrial power alone but to build and rely on creative and innovative human resources. One form of this awareness is developing a new economy or what is popularly known as the creative economy or industry.

This industry can be defined as prioritizing talent, creativity, information, and knowledge in its operational activities. In addition to the development of the industry or creative economy, digitalization technology has also changed the payment system from a cash payment system to a non-cash using electronic money or electronic money. According to the Bank for International Settlements, e-money is defined as a stored-value or prepaid product in which records of funds or value available to consumers are stored on owned electronic devices.

The development and utilization of digital technology must also be directed to the micro, small and medium enterprises (MSMEs) sector. That is because the proportion of MSMEs is recorded at 99.9% or 62.92 million business units of the total business units in Indonesia. Unfortunately, the ability of MSMEs to contribute to GDP is only 61%, and most entrepreneurs, especially those engaged in the micro-business sector, are still below the poverty line. Of these, more than a third of MSMEs in Indonesia (36%) are still offline, another third (37%)

only have very basic online capabilities such as computers or broadband access. Only a small proportion (18%) have intermediate online capabilities (using a web or social media) and less than one-tenth (9%) are advanced online businesses with e-commerce capabilities. Therefore, attention and support from the government are necessary so that the contribution of MSMEs becomes more significant in economic growth, job creation, and increased competitiveness.

The success of a company is explained by its performance over a certain, including MSMEs. Researchers have extended efforts to define measures for the concept of performance as an essential notion. Finding measures for SME performance allows comparisons of performance over different periods. Changes in basic regulations, technological advances, and global competition have made it very difficult for organizations, including MSMEs, to compete successfully in the business world. Thus, the continuation of the innovation process is an essential source for the survival of the profit organization. As a result, the organization should pay more attention to examining all the factors that can enhance the innovative work behavior of its employees (Fatima et al., 2017; Kremer et al., 2019).

One of the main factors suggested to influence innovation is leadership (Szczepeńska-Woszczyna, 2015). Leaders can create and manage an organizational culture that promotes innovation, can be great innovators who support innovation throughout its implementation process, and create the organizational structure needed to support innovation. Leaders play an essential role in shaping the organization's work climate by encouraging and supporting employees to abandon traditional ways of carrying out their duties and changing their perceptions of their ability to create and implement new ideas (Bagheri and Akbari, 2018).

In research by Hughes et al. (2018) stated that in particular, there is theoretical and empirical evidence to suggest that leadership is an important variable that can enhance or inhibit creativity and innovation in the workplace. The leadership variables studied were transformational, transactional, authentic, empowering, and servant leadership. Fur-

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thermore, further study is needed using a broader range of leadership styles to gain a more precise understanding of which leader's behavior has the most powerful influence on innovation.

Ahmad and Ogunsola (2011) and Nuruddin (2011) stated that Islamic leadership has a positive effect on innovation strategy. That strategy includes product innovation, process innovation, and employee innovation performance. Suppose the company is oriented to Islamic leadership. In that case, the company will have innovation in products and processes, uses internal innovation resources (improves research and development capabilities), and technology investment will achieve better performance than companies that implement a lower innovation strategy or do not have an innovation strategy (Khasawneh et al., 2021).

Financing, according to is a determinant of company performance. There are many ways companies finance their operations and growth. Their choice of funding is influenced by the preferences of individual entrepreneurs and, more importantly, by the alternatives to which they can be approached. Innovation in companies in developing new products or production processes aims to carry out their business activities better. In this case, new products can be based on new processes. (White, 1997).

In the financial services industry, innovation is seen as creating and popularizing new financial instruments, technologies, institutions, and markets, which facilitate access to information, trade, and payment instruments (Solans, 2003). Innovation is essential for companies in the financial services industry and affects other companies (Lerner, 2006). For example, it enables them to raise larger amounts of capital and lower costs than they can. That innovation is an essential phenomenon in any sector of the modern economy.

The novelty in this study is that as far as the research that researchers have done, no studies have been found that examines the influence of Islamic leadership on SME performance through the mediation of innovative work behavior and financial technology. In addition, this study also uses the measurement of leadership variables that refer to Islamic values to provide a new understanding that

can be proven empirically, whether the relationship and influence between the variables that have been tested are consistent or even gets new findings.

The benefits of this study are to determine the effect of Islamic leadership on innovative work behavior. Determine the influence of Islamic leadership on financial technology. Determine the effect of innovation work behavior on SME performance. Determine the effect of financial technology on SME performance. Determine the influence of Islamic leadership on SME performance mediated by innovative work behavior and financial technology. The purpose of this study is to provide recommendations related to Islamic leadership, SME performance, Innovative Work Behavior, and Financial Technology to members of the Indonesian Muslim Entrepreneurs Community regarding the results of the research conducted.

LITERATURE REVIEW

Islamic Leadership. The difference between the Islamic leadership style theory and the western leadership concept is in religion, moral values, and where humans come from. In Islamic leadership, religious values and spiritual zeal are dominated by the leadership role of the Prophet Muhammad and his four caliphs. From an Islamic perspective, the leadership style must come from the two strongest foundations, namely the Al Quran and the Hadiths of the Prophet. In Islam, leadership is the process of inspiring and training followers to be able to walk together in one vision (Aabed and Randall, 2005). In this study, Islamic leadership is defined as leader behavior based on the Prophet's character, namely *Shiddiq* (honest), *Amanah* (trusted), *Fathanah* (smart), and *Tabligh* (*convey commands and prohibitions*) in doing work and motivating employees to behave in Islam like himself and to achieve common goals. Indicators of Islamic leadership are by (Husti and Mahyarni, 2019). Collectivism, Knowledge sharing, Moral attitude, and Trusteeship of Allah.

Innovative Work Behavior (IWB). IWB is generally framed in the context of how individuals can facilitate the achievement of the initiation and formation of useful ideas, processes, products, or

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procedures (Leong and Rasli, 2014). IWB is interpreted as an acceptable multi-stage process involving idea generation, coalition building, and implementation (Leong and Rasli, 2014). Studies show that individuals who are willing and able to innovate will expand their contribution beyond the scope of their job requirements and, at the same time, will be aware of continuous innovation (Parker et al., 2006). The IWB indicators are opportunity exploration, idea generation, championing, and implementation (Jong and Hartog, 2008).

Financial Technology. Gündođdu (2017) defined fintech as “technological advances that facilitate access to information, trade and payment instruments, and the emergence of new financial instruments and services, new organizational forms and more advanced and comprehensive financial markets”. Fintech is characterized as a twenty-first-century financial service (Todorof, 2018). Financial technology is an implementation of information technology related to finance (Alimirruchi, 2017). Professor Douglas W. Arner from Hongkok University divides the development of fintech into four eras. Fintech 1.0 took place between 1866-1967, the infrastructure development and computerization era, thus forming a global financial network (Mawarni, 2017). Fintech 2.0 took place between 1967-2008, the era of internet use and digitalization in the financial sector. Fintech 3.0 and Fintech 3.5 lasted from 2008 until now. Fintech 3.0 is the era of the use of telephones and smartphones in the financial sector. Fintech 3.5 is an era where the financial technology business emerges as a newcomer to take advantage of opportunities from technological process innovation, products, business models, and changes in people’s behavior. Based on Hieminga et al. (2016) and Boonsiritomachai and Pitchayadejanant (2019), fintech indicators, namely increase in sales/store turnover, ease of transactions, increase in the number of customers, and ease of use (Hariyono and Tjahjadi, 2021).

SME Performance. Performance measurement is essential for effective corporate (Puthusserry et al., 2021). Performance refers to the level of achievement or achievement of the com-

pany in a certain period. Company performance is a very determining factor in the development of the company. On the other hand, the performance of a business is the result of group work functions in an organization that is influenced by various factors to achieve organizational goals within a certain period. Indicators in business performance are Customer Perspective, Financial Perspective, Internal Business Perspective, and Learning and Innovation Perspective (Ouakouak and Mbengue, 2021).

HYPOTHESIS DEVELOPMENT**Islamic Leadership has a significant positive effect on Innovative Work Behavior**

Islam is a religion whose teachings are comprehensive. It is a matter of worship and being *muamalah* (human relations according to Islamic law) with other humans. It also teaches how a leader should act to his subordinates. In Islam, leadership is the process of inspiring and guiding voluntary followers to achieve a clear shared vision (Abed and Randall, 2005); (Ahmad and Ogunsola, 2011); (Husti and Mahyarni, 2019). Innovative Work Behavior describes the added value of employees as a form of prosocial behavior, namely positive, constructive, and meaningful social behavior. IWB can change the atmosphere of a formal organization to be more relaxed, full of cooperation, reduce employee tension by creating a supportive atmosphere to increase employee productivity. That will have an impact on achieving organizational effectiveness and efficiency (Purmamisari, 2012). Based on the explanation above and the results of previous research, the research hypothesis is H1: Islamic Leadership has a significant positive effect on Innovative Work Behavior.

Islamic Leadership has a significant positive effect on Financial Technology

Many of the jobs now involve using technology extensively and require the ability to use it quickly. Leaders need to invest in upgrading employees’ skills to support and motivate them in dealing with new things. Digital technology has changed the way

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an organization operates. Digitalization shapes organizations, work environments, and processes and creates new challenges for leaders to face. Leaders are key actors in the development of digital culture. They need to create relationships with dispersed stakeholders and focus on enabling collaborative processes in complex settings while paying attention to pressing ethical issues (Cortellazzo et al., 2019). From the information above, the hypothesis is H2: Islamic Leadership has a significant positive effect on Financial Technology.

Innovative Work Behavior has a significant positive effect on SME Performance

Employees' innovative work behavior is beneficial for work outcomes. Researchers have devoted more attention to the factors that have the potential to encourage innovative work behavior. According to the definition of innovative work behavior, individuals engage in innovative activities because they are anticipated to benefit from innovative changes. Positive outcomes follow innovation. The findings from Leong and Rasli (2014) and Nadin (2012) indicated that employees' innovative work behavior is positively related to their job performance. Thus, based on explanation and previous research, the hypothesis is H3: Innovative Work Behavior has a significant positive effect on SME Performance.

Financial Technology has a significant positive effect on SME Performance

Technology is considered to have a positive effect on the performance of banking, including Islamic banking. In the latter example, technology can be relied on to align with conventional financial instruments and products, specifically, those deemed appropriate or at least following the Islamic religious code (Todorof, 2018). Furthermore, such alignment improves a bank's performance, and it will increase their general competitiveness. In addition, technology can result in greater transparency, which will allow all stakeholders to get information from this. A strong positive and significant relationship

between bank adoption use of mobile money and its performance considering various things are profitability, efficiency, and stability. Based on this previous research, the hypothesis is H4: Financial Technology has a significant positive effect on SME Performance.

Islamic Leadership has a significant positive effect on SME Performance mediation of Innovative Work Behavior

A leader is a motivator for his subordinates. They are tasked with encouraging subordinates to behave positively for the sake of improving company performance. Innovative work behavior is the employee's creative attitude at work. This creativity is expected to make it easier for them to carry out work activities to enjoy and make work a burden-free obligation. If this happens, an increase in organizational performance can be achieved (Ahmad and Ogunsola, 2011). These statements and the result of previous research, the hypothesis is H5: Islamic Leadership has a significant positive effect on SME Performance mediation of Innovative Work Behavior.

Islamic Leadership has a positive effect on SME Performance through Financial Technology

West and Farr (1990) defined Innovative Work Behavior (IWB) as behavior that aims to introduce and apply new ideas to work to improve performance. Islamic performance manifests a person's work-oriented towards the world and the hereafter (Hakim, 2012). The relationship between Islamic Leadership, Innovative Work Behavior, and Islamic Performance is shown by Jong and Hartog (2008). Leaders influence employees' innovative behavior through deliberate actions that aim to stimulate behavior manifested in applying new ideas to support performance. Based on the explanation above and the results of previous research, the research hypothesis is H6: Islamic Leadership has a positive effect on SME Performance through Financial Technology.

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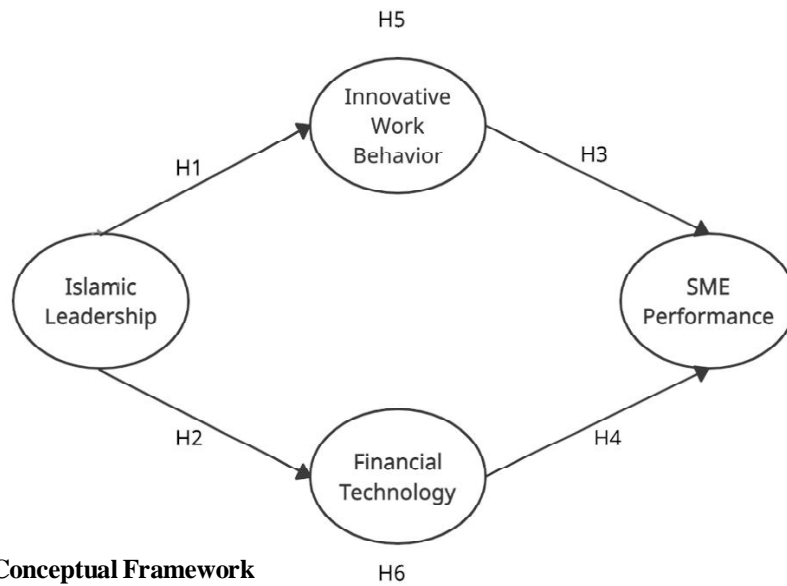


Figure 1. Research Conceptual Framework

METHOD

This type of research uses an explanatory research method. This research is a type of research that aims to analyze the relationships between one variable and another or how a variable affects other variables. This study is intended to answer the problems formulated based on the objectives to be achieved and test the hypothesis. If viewed from the analytical approach, this research uses a quantitative approach. The quantitative aspect of this research was carried out using the Smart-PLS method. The population in this study were all members of the Indonesian Muslim Entrepreneurs Community. The Indonesian Muslim Entrepreneurs Community is the main platform for Indonesian Muslim entrepreneurs to learn about fiqh *muammalah* and sharia economics.

Furthermore, (Hair et al., 2014) the minimum number of samples for variables ≤ 5 , ≤ 7 , ≥ 7 is 100, 150, and 300, respectively. A total of 100 Indonesian Muslim Entrepreneurs Community members use a random sampling technique because the population condition is considered quite homogeneous. This research was conducted from August 23, 2020, to October 18, 2020. Data in this research are primary data, namely data obtained from filling out a questionnaire for Indonesian Muslim Entrepreneurs Community members, and secondary data, namely

data obtained from other sources that support research. Secondary data were obtained from other research literature, such as books, journals, articles/papers, entrepreneurial profiles, and the internet.

The data collection method was carried out using a questionnaire by distributing questions to members of the Indonesian Muslim Entrepreneurs Community to obtain empirical data related to the proposed hypothesis. The research data will be analyzed using statistical analysis tools using the Partial Least Square (PLS) method. PLS can be used on any type of data scale (nominal, ordinal, interval, and ratio). PLS is also used to measure the relationship of each indicator with its construct. Also, PLS can be used for confirmation purposes, such as hypothesis testing and exploration purposes. The primary purpose of PLS is to explain the relationship between constructs and emphasize the understanding of the value of these relationships. A complex model with a relatively small sample size of between 30 and 100 respondents (Ghozali, 2012).

RESULTS

Characteristics of respondents are used to determine the diversity of respondents based on gender, age, marital status, education, and using fintech or not. That is expected to provide a picture of the

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Table 1. Characteristics of Respondents

Characteristics		Frequency	%
Sex	Male	72	72
	Female	28	28
Age	Under 20 years old	5	5
	20–30 years old	27	27
	31–40 years old	58	58
	Above 41 years old	10	10
Marital Status	Single	22	22
	Married	78	78
Education	Associate’s Degree (D3)	0	0
	Diploma 4 (D4)	0	0
	Undergraduate Degree (S1)	64	64
	Graduate Degree (S2)	3	3
	Postgraduate Degree (S3)	0	0
	Others	33	33
Use Fintech	Yes	34	34
	No	66	66

Source: Data Analysis Results, 2020

respondents’ condition and their relation to the problems and objectives.

The outer model is a model that specifies the relationship between latent variables and their indicators or it can be said that the outer model defines how each indicator relates to its latent variables (Ghozali, 2012). Based on the convergent validity test results above, it shows that all outer model values are > 0.7 with AVE values > 0.5, so it can be concluded that all indicators are convergent valid. Furthermore, for discriminant validity, according to (Ghozali, 2012). It can be seen in the value of cross-loading with variable constructs. If the correlation of the variable with the measurement item is greater than the measure against other variables, the latent variable has good discriminant validity.

Based on the discriminant validity test results above, it shows that the latent construct predicts the indicators in their block better than the indicators in other blocks. It can be concluded that the constructs of Islamic Leadership (X), Innovative Work Behavior (Y1), Financial Technology (Y2), and SME Performance (Y3) are a good model so that all constructs in the estimated model have met discriminant validity criteria.

The third part of the outer model is testing composite reliability. Because the constructs of Islamic Leadership (X), Innovative Work Behavior (Y1), Financial Technology (Y2), and SME Performance (Y3) have composite reliability > 0.6, which is 1.0. it can be concluded the variable Islamic Leadership (X), Innovative Work Behavior (Y1), Financial Technology (Y2), and SME Performance (Y3) have met the criteria of high reliability (reliable). The goodness of fit on PLS can be seen from the value of Q2. In this research model, the Q-square value generated in the overall model equation is 54.34%, which means that the structural model has good predictive relevance and is suitable for use in prediction.

The inner model for the direct effect of Islamic Leadership on Innovative Work Behavior shows the path coefficient value of 0.451 with a p-value of 0.000 which is smaller than alpha 0.05 (error level $\alpha = 5\%$). That means the direct effect of Islamic Leadership on Innovative Work Behavior is significant.

The inner model for the direct effect of Islamic Leadership on Financial Technology shows a path coefficient value of 0.052 with a p-value of 0.663, greater than alpha 0.05 (error level $\alpha = 5\%$), which

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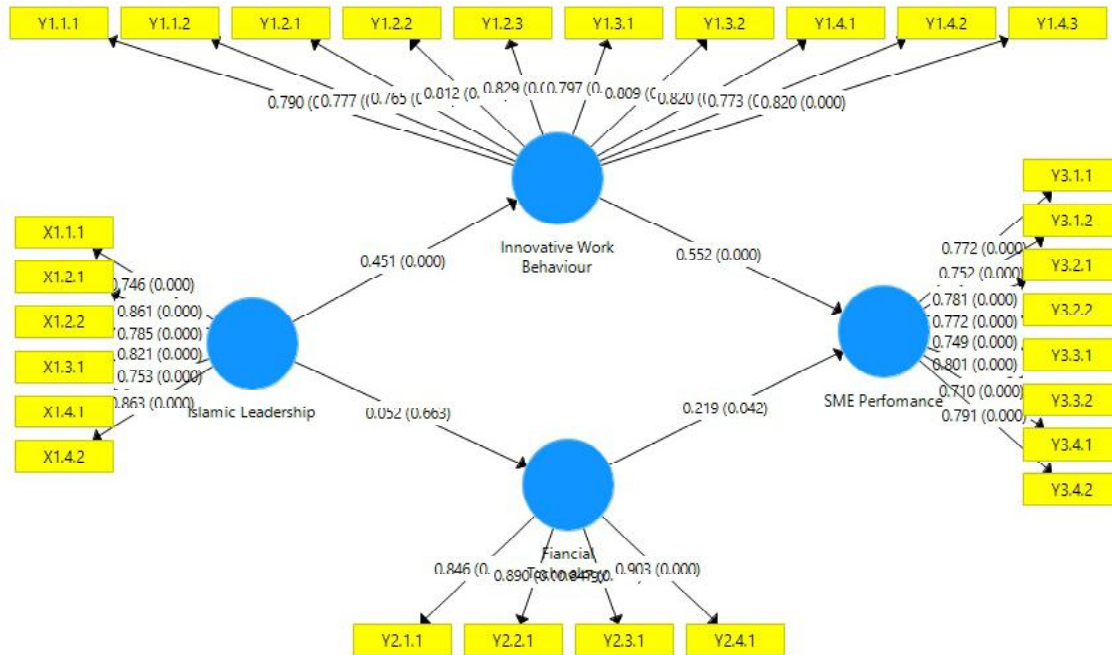


Figure 2. Analysis Results of Partial Least Square (PLS)

Table 2. Direct Effect

Direct Effect	T Statistics (O/STDEV)	P Values
Islamic Leadership → Innovative Work Behaviour	5.975	0.000
Islamic Leadership → Financial Technology	0.436	0.663
Innovative Work Behaviour → SME Performance	7.346	0.000
Financial Technology → SME Performance	2.036	0.042

Source: Data Analysis Results, 2020

Table 3. Specific Indirect Effects

Direct Effect	T Statistics (O/STDEV)	P Values
Islamic Leadership → Innovative Work Behaviour → SME Performance	4.099	0.000
Islamic Leadership → Financial Technology → SME Performance	0.370	0.711

Source: Data Analysis Results, 2020

shows the direct effect of Islamic Leadership on Financial Technology is insignificant.

The estimation results of the inner model for the direct effect of Innovative Work Behavior on SME Performance show a path coefficient value of 0.552 with a p-value of 0.000 which is smaller

than alpha 0.05 (error rate $\alpha = 5\%$), which shows the direct effect of Innovative Work Behavior. Against SME Performance is significant.

The estimation results of the inner model for the direct effect of Financial Technology on SME Performance show a path coefficient value of 0.219

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with a p-value of 0.042, which is smaller than alpha 0.05 (error level $\alpha = 5\%$), which shows the direct effect of Financial Technology on SME. Performance is significant.

The path coefficient value for the indirect influence between Islamic Leadership and SME Performance through Innovative Work Behavior is 0.249, indicating a p-value of 0.000 smaller than 0.05. It can be concluded that the indirect influence between Islamic Leadership through Innovative Work Behavior on SME Performance is significant.

The path coefficient value for the indirect effect of Islamic Leadership through Financial Technology on SME Performance is 0.011 indicating a p-value of 0.711 greater than 0.05, so it can be concluded that the indirect effect of Islamic Leadership through Financial Technology on SME Performance is insignificant.

DISCUSSION**Islamic Leadership has a significant positive effect on Innovative Work Behavior.**

From this hypothesis, a positive effect is generated. That means the better the application of Islamic Leadership, the individual's Innovative Work Behavior will also increase. On the other hand, the less good Islamic leadership is, the Innovative Work Behavior will also decrease. That is in line with the results obtained in the study by Husti and Mahyarni (2019). In this study, there is a difference with previous research: the use of indicators of innovative work behavior and SME performance variables that are more comprehensive, which is expected to obtain a wider discussion.

From an Islamic perspective, the roots of Islamic leadership are based on the primary sources, namely the Koran and Sunnah. It is also based on the practices of the earliest Muslim generations. In facing environmental changes that are so fast, organizations must respond by continuing to innovate. This IWB behavior will drive organizational performance to a higher level. The encouragement of an Islamic leader greatly determines the direction of the behavior of its members. Besides, leaders will be held accountable for what they lead. If this is not done then, Allah will give His punishment, in Shahih

Muslim, "If Allah puts a person in a position of authority over the affairs of Muslims and he alienates himself (from them), does not fulfill their needs, desires, and poverty, Allah's will keep away from him, does not meet their needs, wants, and poverty". Simultaneously, organizational members must provide feedback and support and help their leaders with positive actions, one of which is innovative work behavior.

Islamic Leadership has no significant effect on Financial Technology.

The direct effect of Islamic Leadership on Financial Technology is not significant. In other words, good or bad Islamic Leadership does not affect the pros and cons of Financial Technology. That does not support the study by Berraies and Bchini (2019) and Cortellazzo et al. (2019), which states that leaders are key actors in developing a technology culture, including financial technology, and need to create relationships with many stakeholders outside the company. The majority of the Muslim entrepreneur community at Malang has not found much financial technology in their business activities.

Innovative Work Behavior has a significant positive effect on SME Performance.

The effect is positive, which means that the better the Innovative Work Behavior, the more SME Performance will also increase. On the other hand, the less good the application of Innovative Work Behavior is, the SME Performance will also decrease. That supports the research results by Leong and Rasli (2014) also Nadin (2012) that the rate of innovation globally has forced many organizations to improve the innovation behavior of their members. That is done because the contribution of member innovation behavior to the performance of both individuals and organizations is large. Organizations will not be able to survive if they do not adapt to the changes in innovation that occur.

Financial Technology has a significant positive effect on SME Performance.

The effect is positive, which means that the better Financial Technology, the SME Performance

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will also increase. On the contrary, the less good Financial Technology is, the SME Performance will also decrease. These results are in line with the study by Todorof (2018) and Rabbani et al. (2020), who examined the effect of fintech on banking performance, stated that the application of fintech had a positive impact on increasing bank income, consumer loans, money market deposits, and profitability in general.

Islamic Leadership has a significant positive effect on SME Performance mediation of Innovative Work Behavior.

The influence of Islamic Leadership on SME Performance with the mediation of Innovative Work Behavior is significantly positive, which means that the better the application of Islamic Leadership, it will affect increasing Innovative Work Behavior. An increase in Innovative Work Behavior will affect the increase in SME Performance. These results are in line with the study by Berraies and Bchini (2019), Cortellazzo et al. (2019), and Leong and Rasli (2014).

Islamic Leadership has no significant effect on SME Performance through Financial Technology.

Islamic Leadership does not have a significant effect on SME performance through Financial Technology. In other words, good or bad Islamic Leadership has no significant impact on improving Financial Technology, so it will not affect the increase or decrease in SME Performance. In practice, the Muslim entrepreneur community is still unfamiliar with the use of financial technology. Apart from that, it turns out that many of them still doubt the halalness of using this financial technology, so they decide not to use it.

IMPLICATIONS

From this research, several empirical pieces of evidence support previous research. The real influence on the relationship between Islamic leadership and innovative work behavior means that applying an Islamic leadership style will increase innovative work behavior, especially at the point of belief in Allah Subhanahu Wa Ta'ala (Husti and

Mahyarni, 2019). Furthermore, that there is no influence between Islamic leadership on financial technology is not in line with what was conveyed by Cortellazzo et al. (2019).

In addition, the results of this study also support research by Leong and Rasli (2014) and Nadin (2012), which states that innovative work behavior can encourage SME Performance to increase. Innovative work behavior that influences SME performance is that employees are given the freedom to develop their ideas to carry out company duties. Financial Technology in SME has contributed to changes in SME Performance in line with the study by Rabbani et al. (2020).

This empirical study also states that the improvement of SME performance can occur with applying Islamic leadership by mediating innovative work behavior (Cortellazzo et al., 2019; Leong and Rasli, 2014; Nadin, 2012). Meanwhile, if this relationship is mediated by financial technology, the improvement in SME performance cannot be achieved.

Practically, it is hoped that the results of this study can provide managerial implications to improve the quality of human resources in SMEs. An important implication that can be obtained is that this research has uncovered and measured the essential factors for improving SMEs' performance. These factors include Islamic leadership and innovative work behavior

Based on empirical evidence, there is a logical reason for leaders to apply Islamic values to their employees' leadership styles. The application of Islamic values by the leadership is carried out by, among other things, giving confidence to subordinates that Allah will help His servants who work hard, giving examples of behavior like sharing knowledge with others, and exemplifying commendable morals in their daily lives. If the leadership can carry this out, innovative behavior can be developed.

LIMITATIONS

This study uses a questionnaire in its measurement. Lack of understanding of the respondents to the meaning of the statements in the questionnaire. The attitude of concern and seriousness in filling out answers to existing statements. The problem of

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subjectivity of the respondents can cause the results of this study to be vulnerable to bias in the respondents' answers. In addition, the limitation of this study is that it only takes samples from members of the Indonesian Muslim Entrepreneurs Community. The results will be better if it takes samples from other Muslim entrepreneur communities.

CONCLUSIONS

Based on the analysis and discussion of the research results presented, it can be concluded as follows A leader with an Islamic leadership style can encourage innovative work behavior. Leaders with an Islamic style cannot increase the use of financial technology in the organization. Innovative work behavior from organizational members will improve organizational performance. The application of financial technology in the organization will help the organization to achieve higher performance. Islamic leaders can improve organizational performance by increasing the application of innovative work behavior of their members. An Islamic leader cannot increase the use of financial technology, even though this fintech can improve organizational performance.

RECOMMENDATIONS

Suggestion Muslim entrepreneurs should promote innovative work behavior in the face of fluctuating business environments. This improvement can be made in various ways, for example, creating a work environment that is open, broad-minded, and able to keep up with current developments by joining in many seminars or workshops. Suggestions for further research are to use Islamic financial technology variables that are more suitable for Muslim entrepreneurs. Besides, larger samples and interviews are also required for more complex explanations.

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