



Implementation of Islamic Value on Leadership, Organizational Culture and Spirituality to Performance

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ABSTRACT

This study aims to analyze the effect of Islamic leadership in increasing Islamic performance through Islamic organizational culture and Islamic spirituality. A total of 107 questionnaires have been distributed to the Muslim entrepreneur community in Malang, East Java, Indonesia. Data analysis using Partial Least Square. The results of this study indicate that the application of Islamic Leadership can improve the practice of Islamic Organizational Culture and this can encourage increased performance. The application of Islamic Leadership can increase Islamic Spirituality and this can encourage increased performance and the application of Islamic Leadership can increase Islamic Performance. In this research, Muslim entrepreneurs should improve their fathanah attitude and also pay attention to the application of the elements of the Islamic Organizational Culture and Islamic Spirituality.

Keywords: *islamic leadership, organizational culture, spirituality and performance.*

INTRODUCTION

In this era, the business environment is moving very fast, understanding the factors that can affect performance is the most important if a company want to remain in market (Jensen et al., 2020). Uncertainty in the global market makes the organizations more alert and inclined to be able to adopt changes continuously. The complexity of business operations requires the effective participation of every level of the organization. Apart from natural resources and capital, human resources are also an important asset for the organization. Human Resources plays a key role in the smooth running of the organization and the achievement of its goals. In terms of an ever-changing environment and a competitive global market, human resources can be a key competitive advantage of an organization, if managed effectively. From some literature states that the role of the leader has a significant influence on subordinates. The leader is in charge of being able to maximize the potential that exists in HR. They are the ones who have the obligation to match the potential talents of HR with their job duties in the organization. Leadership has the most important role in an organization, especially in increasing the role of the people in it (Asrar-ul-haq & Kuchinke, 2016).

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There are differences in the results of leadership research on individual performance, among by Limsila & Ogunlana (2008) and Samad (2012) which states that it has a significant effect, while research Lisbijanto (2014), Shahab & Nisa (2014) concluded that there is no influence between leadership and performance. In addition, there is the use of Islamic leadership as a variable that is still rarely used and to strengthen the relationship between Islamic leadership and Islamic performance, the mediation variable of Islamic Organizational Culture and Islamic Spirituality is used. Research by Hakim (2012) which states that there is a significant positive relationship between Islamic leadership and employee performance, if a leader implements Islamic values properly in their leadership, the performance of employees will be improved. Likewise according to Antonie (2013) which states that the concept of Islamic leadership is the most important element is believed to be able to encourage the realization of better employee performance.

Another key to the success of companies is when they succeed in leveraging existing values and managing a unique or special organizational culture Azanza et al (2013). This culture is usually created by the founders, but it can also emerge over time as a result of the organization facing challenges and obstacles, or it can be developed deliberately by management in order to improve the performance of their company. Over the last few years, conceptual and empirical research into the concept and usefulness of workplace spirituality has increased and expanded significantly. Spirituality in the workplace is considered a possible solution to many HR challenges Houghton et al (2016) James et al (2012) states that employees with high spiritual values have better performance. Other research by Javanmard (2012) it is recommended that employees have a spirituality at work so that their productivity increases. Researchers continue to make efforts to improve organizational performance to find the best formulation, especially for organizations based on Islamic values. The strategies designed are unique from conventional organizations because their vision, mission and final goals are clearly different from one another. In this study tries to provide a solution in this case.

LITERATURE REVIEW

The difference between the Islamic leadership style theory and the western leadership concept is in matters of 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 (Abed & Randall, 2005). From an Islamic perspective, the leadership style must come from two strongest foundations, namely the Al Quran and the Hadiths of the Prophet. Abed & Randall (2005) says Leadership in Islam is a belief (Amanah). This can be said as a psychological agreement between the leader and his subordinates that he will try his best in guiding, protecting and treating subordinates fairly. Therefore the focus of Islamic leadership is to do the good he intends for Allah and then the Muslim community and humanity as a whole

Islamic leadership is leadership based on the concept of the Prophet. This leadership offers a leadership model that seeks to develop strategies for achieving success in a balanced manner, be it business, family, social and spiritual, based on the role models of leadership and management of the Prophet Muhammad and the spirit of Asmaul Husna (Antonie, 2013). There are four main goals to be achieved through this leadership model. First, the formation of a plenary personality (insan kamil) which originates from the teachings of tawhid and high integrity. The exemplary suri of this superior person is

reflected in the nature of Shiddiq Rasulullah saw. The nature of shiddiq according to the origin of the word means that it is always based on truth, especially true faith (tauhid). The correct faith will give birth to the right attitude, behavior and action. Second, the formation of inter-personal capital, which is the harmonious relationship between fellow humans in various social environments such as in the family, neighborhood, business and so on, based on mutual trust. Third, the emergence of technical and managerial abilities or encouragement to become competent individuals by mastering knowledge, technical skills, and upholding professionalism and good corporate governance. Fourth, leadership wisdom and the art of leadership. This can be achieved by maximizing the ability to communicate in leading with a clear vision, mission and delegation of authority and a solid work team. Islamic leadership in this study is defined as leader behavior based on the Prophet's character, namely shiddiq, amanah, fathanah and tabligh in doing work and motivating employees to be able to behave in Islam like himself and to achieve common goals.

Islamic organizational culture is a set of values based on the Quran, Sunnah and Ijma that helps members with their understanding of what the organization stands for. It is a process of transmitting and sharing philosophy, vision, mission, values, beliefs, norms, knowledge and skills among members of the organization to achieve organizational goals smoothly and efficiently, so as to gain the pleasure of Allah SWT. Culture plays an important role in shaping the behavior of leaders and members in an organization. Every member of an organization based on Islam is inseparable from the Islamic concept which includes the implementation of work, praying during working hours, wearing Muslim clothing for female workers and so on. According to an Islamic perspective, every Muslim is obliged to apply rules according to sharia, including ethics or organizational culture. In companies, organizational culture will be the basis for formulating and managing social responsibility. Companies operating according to Islamic principles tend to embrace an organizational culture based on the notions of trust, morality and accountability (Ifada et al., 2019). The indicators in this study are Keeping Trust on Allah, Hard Working, Excellence, Cooperation, Accountability, Knowledge, Absolute Sincerity, Morality and Cleanliness.

Spirituality in a sense refers to beliefs and practices that are based on the belief that there is a transcendent dimension to life. Spirituality describes the relationship between humans and God and the various virtues that result from this relationship. This virtue is believed to be real in achieving principles in life and goodness in life. Tischler et al (2002) says that spirituality is similar or in some way related to certain emotions or behaviors and attitudes of an individual. Being spiritual means being open, giving and loving. Fernando & Jackson (2006) who say that spirituality can also be about feelings of purpose, meaning, and feelings of connection with others. Islamic spirituality is a religious attitude, which is a condition that exists in a person that encourages him to behave in accordance with the level of obedience to religion. Islamic spirituality indicators are based on Zandi et al (2017) namely belief (Tawhid), worship rituals and the last one is repentance.

From Abi Abdillah (Zubair) bin Awwam ra, he said: Rasulullah said: "Indeed, one of you brings his ropes and goes to the hill to find firewood which is put on his back to sell so that he can cover his needs, it is better. rather than begging others, whether they give or not". (Narrated by Bukhari, no. 1471). Performance is a tangible behavior that is displayed by everyone, as work performance produced by employees in accordance with their role in the company. Employee performance is very important in the company's

efforts to achieve its goals, as Allah says in QS. Al Isra 'verse 84 as follows: "Say: Everyone does according to his own will. Then your Lord knows better who is more correct in the way". One way that can be used to see the company's development is by looking at the results of performance appraisals. According to Riva'i (2009) the target that becomes the object of performance appraisal is the ability, ability of employees to carry out a job or task which is evaluated objectively using certain benchmarks and carried out periodically. From the results of the company performance appraisal which is reflected by the employee's performance or in other words, the performance is the result of concrete work that can be observed and can be measured.

Performance appraisal is used by companies to assess the performance of their employees or to evaluate the results of employees' work. Performance appraisals done right will benefit employees, their managers, the human resources (HR) department, and ultimately the company itself. When performance appraisals are carried out properly, employees, supervisors, the HR department and the company will benefit from ensuring that individual efforts contribute to the focus of corporate strategy. In addition, performance appraisal is interpreted as a good mechanism for controlling employees. An employee always wants promotion opportunities, to get a raise and compensation, also wants to create a good environment, wants to be placed in a prestigious position, wants to transfer to places of their choice and wants jobs that can provide the greatest satisfaction, and etc. Therefore, if people want to get what they want, they must provide what their superiors and their company want. The performance of Islamic employees in this research is a total collection of work achievements that exist in muslim workers, including the accuracy and speed at work, the quality of work and the desire to serve customers and the payment of zakat obligations. indicators in this study according to Hakim (2012) are work achievement, speed and accuracy in work, intention to serve or serve others, quality of work and giving zakat.

RESEARCH METHOD

The type of this research uses an explanatory research method. This aims of this type is to analyze the relationships between one variable and another or how a variable affects other variables. Based on this explanation, it can be seen that this study is intended to answer the problems that have been formulated, based on the objectives to be achieved and to 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 Partial Least Square method. The population in this study were all members of the Indonesian Muslim Entrepreneurs Community, Malang. The sample in this study was 107 members of Indonesian Muslim Entrepreneurs Community Malang using random sampling technique because the population condition was considered quite homogeneous.

The hypothesis in this study are: (1) Islamic Organizational Culture is able to mediate the influence of Islamic Leadership on Islamic Performance (Harwiki, 2016); (Ahmad, 2012),(Martinez et al., 2015); (Prajogo & Mcdermott, 2010). (2) Islamic Spirituality is able to mediate the influence of Islamic Leadership on Islamic Performance (Koerts, 2014); (Javanmard, 2012). (3) The higher the application of Islamic Leadership, the higher the Islamic Performance (Jensen et al., 2020); (Elias et al., 2017), (Harwiki, 2016); (García-morales et al., 2012).

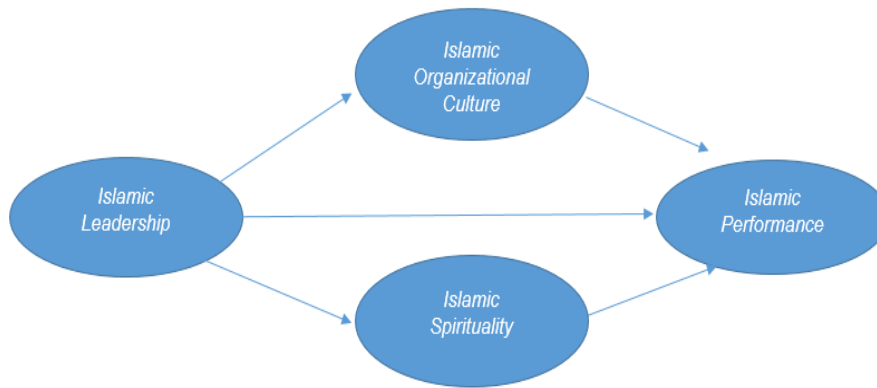


Figure 1. Conceptual Framework

RESULT AND DISCUSSION

Based on the results of the convergent validity test, 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. Based on the results of the discriminant validity test above, it shows that the latent constructs predict the indicators in their block better than the indicators in other blocks. so it can be concluded that the construct Islamic Leadership (X1), Islamic Organizational Culture (Y1), Islamic Spirituality (Y2), and Islamic Performance (Y3) is a good model, so that all the constructs in the estimated model have met the criteria for discriminant validity. Reliability composite reliability value is more than 0.70. This shows that all question items are reliable.

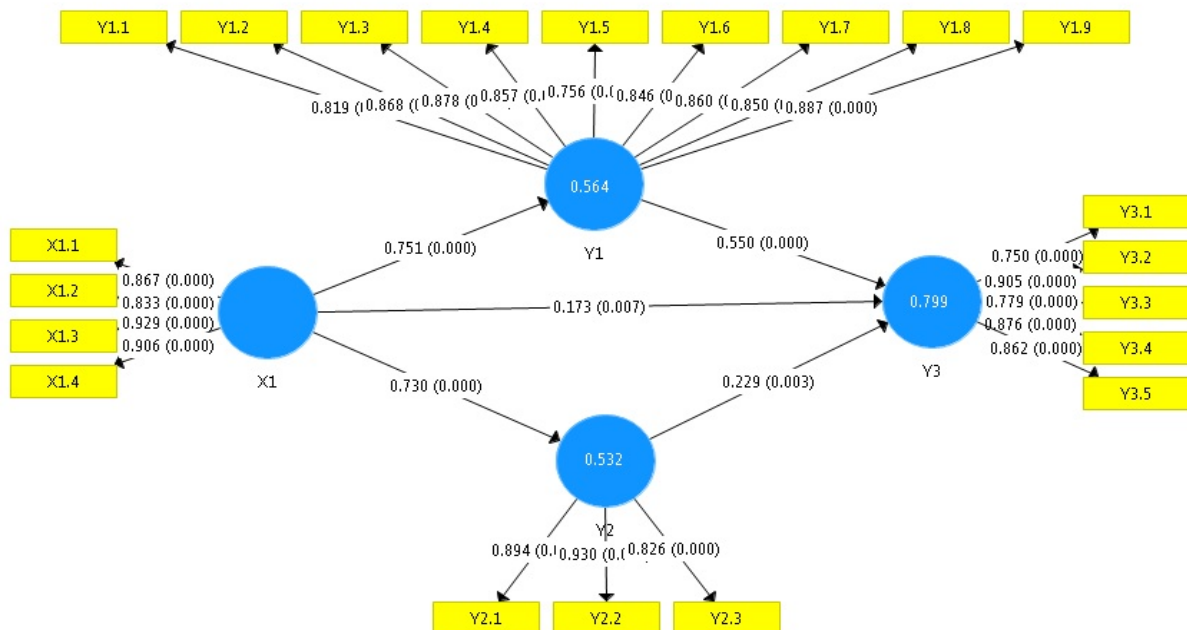


Figure 2. Overall Model Research Model Development Results

Table 1. Direct Effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
X1 -> Y3	0.173	0.171	0.063	2.730	0.007

Table 2. Mediation Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
X1 -> Y1 -> Y3	0.413	0.413	0.065	6.343	0.000
X1 -> Y2 -> Y3	0.167	0.171	0.057	2.937	0.003

From the table 1 and 2 the result of hypothesis testing shows how does the islamic leadership affects islamic performance by mediating islamic organizational culture It is the responsibility of a leader, what are the conditions for implementing culture in the organization, how are the habits that are formed in order to support work activities within the company. In the hadith of Abdullah Ibnu Umar, Rasulullah Sallallahu 'Alaihi wa Sallam said which means *"Each of you is a leader and will be held accountable for what he leads. Amir (head of state), he is a general human leader, and he will be held accountable for them"*. (HR. Bukhari Muslim). This means that a leader has a large mandate to do with instilling an Islamic culture in his subordinates. Because it is proven that an Islamic culture can improve performance.

Islamic Leadership also has an effect on Islamic Performance by mediating Islamic Spirituality. Spirituality in the work environment has been proven to improve Islamic performance. The application of spiritual values must be exemplified by the leadership. They are the source of inspiration for employees to do everything at work. The elements of spirituality, namely tawheed, worship and repentance must be continuously improved in order to increase the faith of each member of the organization which in turn will increase their enthusiasm for better performance. Islam does not only call people to worldly activities. But these activities can be included in the category of worship to Allah, as long as they are carried out with the intention of Allah by obeying His laws. Islam teaches to be able to work well. Responsible for the job mandate given. Rasulullah said, *"Whoever leaves the house to try (to support) his young child, he is in the way of Allah. If he goes out for the sake of his two elderly parents, he is in the way of Allah. If he comes out to support himself - to become a respected person - he is also in the way of Allah."* (HR. Thabrani).

Islamic Leadership has an effect on Islamic Performance. The Islamic leadership exemplified by the Prophet through his leadership should be used as uswah for his ummah, as stated in the Qur'an, Surat Al Ahzaab verse 21: Allah Ta'ala says, *"Indeed, the Prophet (himself) is a good example for you. (ie) for those who hope (mercy) Allah and (return of kindness on) the Day of Judgment and he chants Allah a lot"*. In this glorious verse, Allah Ta'ala named by Himself all the actions of the Prophet sallallaahu 'alaihi wa sallam as "a good example", which shows that a person who follows the sunnah of the Prophet Muhammad means he has taken ash-shirathal mustaqim (the straight path) which will bring him the glory and grace and help of Allah.

One scholar, Ibnul-Muqaffa 'in the book *al-Adabul-Kabir wa Adabush-Shaghir* said: "A leader cannot walk without ministers and assistants. And ministers will be of no use without compassion and advice. And there is no compassion without wise reason and self-respect". He added: "Leaders should always keep an eye on their subordinates and ask them how they are. So that the situation of subordinates is not disguised for him, good or bad. After that, he should not let a good employee go without giving a reply, and do not let a bad employee and a weak one without giving punishment or action for his mischief and weakness. If allowed, good employees will be lazy and bad employees will be more courageous. If so, mess up your business and ruin your job".

Islamic leadership in this study has a significant positive relationship to Islamic performance through Islamic organizational culture. This means that the better the application of Islamic leadership, the better the application of Islamic organizational culture which in turn has an impact on increasing Islamic performance in organizations. A leader should have the character of shiddiq, amanah, fathonah and tabligh in managing his employees, especially the nature of fathanah which has a higher influence compared to other indicators. Leaders must be willing to continuously learn to improve their abilities, insights and intelligence in an effort to help their employees develop.

Improved employee performance in the organization can also be obtained through the application of Islamic spirituality. Efforts to increase tawheed, worship and repentance need to be done by every member of the organization in order to increase the sense of responsibility and organizational performance. The more they have an element of high spirituality, the more self-aware they will be to try to improve the quality of their work, the accuracy in their work and the more orderly they will pay zakat which is their obligation. The practical contribution is that Muslim entrepreneurs should improve the application of Islamic Leadership, Islamic Organizational Culture and Islamic Spirituality in their work.

CONCLUSION

From the results of the above research, it can be concluded as follows: (1) The application of Islamic Leadership can improve the practice of Islamic Organizational Culture and this can encourage increased performance. (2) The application of Islamic Leadership can increase Islamic Spirituality and this can encourage increased performance. (3) The application of Islamic Leadership can improve Islamic Performance. Some suggestions that can be recommended for Muslim entrepreneurs are that they should increase the application of shidiq, amanah, fathanah and tabligh at work, especially fathanah, a Muslim businessman should pay more attention to the application of the elements of Islamic Organizational Culture in his organization, they should always increase the sense of Islam. Spirituality in him, for example, by following studies, reading religious books and others. As well as for further research in order to deepen the scope of the investigation, it can be added by adding a qualitative method is in-depth interviews.

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