

# The Effect of Leadership and Islamic Work on Employee Performance: A Study at the Amil Zakat Institution in Surakarta

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## ABSTRACT

To advance and achieve a company's goals, an organization must also establish reliable human resources. Employee performance, either directly or indirectly, contributes to a company's success. This research aims to analyze the impact of Islamic leadership and work ethic on employee performance viewed from an Islamic perspective. This research was included in the type of saturated sampling research. Data were collected using questionnaires, documentation, observation, and interviews. The researchers used the descriptive percentage method, multiple linear regression, and classical assumption tests to analyze the data. The hypothesis testing was done using the SPSS program. The equation for the multiple linear regression analysis was  $Y = -7.078 + 0.044X_1 + 0.043X_2 + e$ . This research showed the following results: partially, the leadership variable had a positive and significant influence on employee performance, and the Islamic work ethic variable had a negative and significant effect on employee performance. This research simultaneously informed that all independent variables had a positive and significant effect on employee performance. So it can be concluded that Islamic leadership and work ethic are very influential on the performance of employees at the Amil Zakat Institute in Surakarta. The researchers conducted this research at the Amil, Zakat, and Shadaqah Institutions of Universitas Muhammadiyah Surakarta and the Amil, Zakat, and Shadaqah Institution Solo. The population of this research was all employees of the two institutions, amounting to 20 employees.

**Keywords:** leadership, work ethic, employees, sharia economy, Islamic perspective

## 1. INTRODUCTION

Human resources are needed to increase efficiency in providing optimum service and optimal performance of an agency or company. To advance and achieve a company's goals, an organization must also establish reliable human resources. Employee performance, either directly or indirectly, contributes to a company's success.[1] To get the best results from employees, the company must develop the right plan, which includes paying attention to how to handle employees to meet the previously established company goals.[2]

According to Mahsun, performance is a description of the degree of achievement of an operation, program, or policy's execution in achieving the organization's goals, objectives, purpose, and vision as described in the strategic plan. One of the factors in the company's success is employee performance. It becomes crucial because a decrease in a person or group performance within an organization can directly affect the achievement of organizational goals. Good performance is optimum performance, which is described as a performance that meets corporate expectations. Employees who work well can complete the tasks and responsibilities

that have been assigned to them, and employees who perform well can make a significant contribution to the company's operations and achieve the corporate goal.[3]

The achievement of company goals is often supported by strong employee engagement and teamwork. In addition to assisting in achieving company objectives, performance plays an essential role in that high-performing workers are expected by the company. The higher the number of high-performing workers, the higher the company's overall productivity will be, and the company will be able to compete in the global market.[4]

Leadership is a motivating power, a source of zeal, and a dynamic moral force that can motivate employees to succeed. But, more than that, a Muslim would not work merely to work, as long as he is paid, receives a letter of appointment, or retains his status to avoid being labeled unemployed.[5]

Every agency requires leadership to sustain the performance of the agency or company itself. Good leadership also affects the welfare of employees. As reported by the Indonesian side. id, in the last two years as HR Director, Genevieve has supported Property Guru's talent growth and development in Singapore, Malaysia, Thailand,

Indonesia, and Vietnam for more than 1,200 employees.[6] Under his leadership, there have been improvements in HR technology infrastructure across the group covering employee experience, improved recognition programs, and overall benefits that have made the environment more inclusive and supportive for employees to thrive. In addition, Genevieve and the human resources team he leads have had the most significant influence on bringing the Property Guru's learning culture to life.[7]

According to the Manado Tribune, companies should preserve and enhance their leadership style and improve their performance to boost their success in the face of fierce competition. A company's performance is productivity in the form of resources, materials, facilities, and skills that can be tailored to function on its production of products and services, and a company's leadership style is a guiding and supporting force in motivating employees to improve their performance.[8]

According to Islam, leadership entails deliberation, justice, and freedom of thought.[9] The decision-making process can be done by deliberation. During the deliberation process, all parties can involve in decision-making. A leader must also behave impartially and not take sides with others, defending the right and sanctioning the wrong. The final principle is that a leader must allow their followers to think freely and openly express their opinions. By doing this, the leader helps the employees build their awareness of their values.[10] The Qur'an explains the importance of deliberation in Islamic leadership in surah Asy-Shura: 38. Allah SWT said:

And they respond to their Lord and keep up the Prayer. And they gather amongst each other to conduct their affairs by mutual consultation. And they spend out of what We have given them as sustenance.

In the Al-Qur'an, it is also mentioned that choosing a leader requires the courage to adhere to Allah SWT. As stated in Surah Ali-Imran: 28

Let not the believers take the unbelievers for friends rather than believers. Whoever does this, he is not in anything (mercy and virtue) from Allah, except if you guard yourselves against them, taking a precaution. Allah makes you cautious of Himself (wants you to have piety towards Him), and to Allah is the final return (it is Allah which the spirit will arrive).

A Muslim leader is obligated to emulate the Prophet Muhammad SAW because all attitudes and actions in leading are essentially the emanations of the contents of the Qur'an. Furthermore, Allah SWT provides humans with a comprehensive guide in the form of the Qur'an, in which one of its functions is to serve as Al-Furqon, a place where good and evil can be clearly and transparently seen.[11]

The most fundamental factor in affecting employee efficiency is the workers themselves. Work behavior, also known as work ethic, is the most crucial factor in achieving

success. Ethic, which means attitude, should be owned not only by individuals but also by communities or groups.[12] Work ethic is an essential component of human success, both in the workplace and in society. On the other hand, the Islamic work ethic is the character and work habits of Muslims that stem from the Islamic creed, which values work as a fundamental attitude.[13]

Given the importance of employee performance as outlined above, a strong work ethic is needed to motivate performance development. The manifestation of the work ethic can be seen in work behavior. The indicators are hard work, *istiqomah* (consistency), good time management, sincerity, honesty, commitment, and resiliency. Professionally, the ethic becomes the foundation for a distinct performance presentation for employees, following the principles they believe in as they carry out their work.[14] Employee efficiency may be affected by employee trust in work values and morale, as shown by the accuracy of task completion, the suitability of working hours, attendance levels, and employee cooperation. Due to the importance of an Islamic work ethic as a performance driver, financial institutions including the Amil Zakat, Infaq, and Sadaqah Muhammadiyah of Universitas Muhammadiyah Surakarta (LAZISMU UMS) and LAZISMU Solo require a high Islamic work ethic.[15]

## 2. RESEARCH METHOD

This research was quantitative. Quantitative research is the process of finding knowledge that employs numerical data to analyze information about the subject under investigation. This research aimed to measure quantitative data using statistical calculations from several samples.[16]

The population is the sum of the whole units or individuals whose characteristics are to be used. The populations of this research were all employees who worked at LAZISMU UMS and LAZISMU Solo. The sample is a portion of the population that is considered to be representative of the population. The sampling technique used in this research was non-probability sampling, namely saturation sampling. Saturation sampling is a sampling technique in which all members of the population are involved as research samples.[17]

Primary data were used in this research, which refers to data received directly (firsthand) by the researcher. The data for this research was gathered directly from employees at LAZISMU UMS and LAZISMU Solo who were asked to respond to a questionnaire about leadership variables, Islamic work ethic, and employee performance.[18]

The data in this research was collected using a questionnaire. The questionnaire is a data collection method that involves asking the respondent a series of questions. The questionnaire asked about leadership, Islamic work ethic, and employee performance. The Likert scale was used as a measurement scale.[19]

There were four variables in this research, including three independent variables and one dependent variable. Independent variables are variables that influence or trigger changes in the dependent variable. The following are the independent variables used in this research: leadership (X1) and Islamic work ethic (X2).

Many indicators affect the level of leadership of an individual, including:

- 1) Physical condition
- 2) Knowledge
- 3) Confidence
- 4) Stamina and enthusiasm
- 5) Decision-making skill
- 6) Objective or self-control
- 7) Fairness
- 8) Communication skill
- 9) Ability to advise others
- 10) Knowledge of organization

Seven indicators influence Islamic work ethic, including:

- 1) Sincerity
- 2) Honesty
- 3) Mutual assistance
- 4) Responsibility
- 5) Network
- 6) Hard work
- 7) Kindness

The dependent variable is the variable that is influenced or becomes the outcome as a result of the independent variable's influence. Employee performance (Y) is the dependent variable in this research, with the following indicators:

Work quantity. The quality of work should correspond with the allocated working time.

Work quality. Quality of work should adhere to existing guidelines. Work quality is determined by precision, ability, and commitment, as well as work completion.

Punctuality. Work must be completed within a predetermined time frame.

The validity test is used to determine whether a questionnaire is accurate and to what degree measuring instruments' accuracy will show the concept of the events being assessed. If the value of  $r$  is obtained  $> r$  table, the questionnaire items are considered valid.[20]

A reliability test is used to test the reliability of a measuring device to be used again for the same research. A variable is reliable if the variable has a Cronbach Alpha value greater than 0.60.

The classic assumption test is used to assess whether or not the findings of an analysis used in the research are free of signs of deviating classical assumptions. The following are examples of classical assumption tests used in this research: Heteroscedasticity Test, Multicollinearity Test, and Normality Test.

The normality test is used to determine whether confounding or residual variables follow a normal distribution. If the significance value is greater than 0.05, the research is said to be normally distributed.

This is aimed at finding out whether there is a perfect correlation between independent variables.

It aims to test whether there is a similarity in variance from the residuals of one observation to another.

Multiple linear regression analysis is carried out to determine the value of the regression coefficients and the significance value so that they can be used to answer the hypothesis. The following is the multiple regression equation used in this research:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e$$

Where:

Y = Employees performance

$\alpha$  = Constant

$\beta_1, \beta_2$  = Regression coefficient

X1 = Leadership

X2 = Islamic work ethic

E = error

Hypothesis testing

Coefficient of determination (R<sup>2</sup>). The coefficient of determination is a metric for determining the degree to which a model can describe the dependent variable. The coefficient of determination is 0 and 1. The low R<sup>2</sup> value means that the dependent variable can only explain a small amount of the dependent variable's variance. On the other hand, if the value is close to 1, the independent variable provides nearly all of the information required to estimate the dependent variable.

F-test. The F test compares the measured F value to the F table to see whether the independent variables have a combined effect on the dependent variable.

T-test. The t-test is used to determine the effect of the independent variable on the dependent variable by comparing the t value with the table.[21].

### 3. RESULTS AND DISCUSSION

The discussion section describes research findings dealing with the problems formulated earlier: 1). How is the influence of leadership on employee performance at LAZISMU UMS and LAZISMU Solo?, 2). How is the influence of Islamic work ethic on employee performance at LAZISMU UMS and LAZISMU Solo?

The validity test shows that the calculated r-value of each variable is greater than the r table of 0.468, and its significance level is less than 0.1. As a result, it can be concluded that each question item is valid.

The Cronbach Alpha value for each variable is greater than 0.60, indicating that the questionnaire that serves as an indicator for these variables is reliable. The followings are the results of the Cronbach Alpha test: Leadership (X1) of 0.892, Islamic Work Ethic (X2) of 0.871, and Employee Performance (Y) of 0.896.

Based on the simple regression coefficient value that has been described previously, it shows that the regression coefficient value for the leadership variable with the employee performance as dependent variable is 0.044 and the Islamic work ethic variable with the employee performance as dependent variable is 0.043 with a constant of -7.078. The regression equation derived from this research is  $Y = -7.078 + 0.044X1 + 0.043X2 + e$ . The regression equation shows that the regression coefficient parameters for the leadership variables and Islamic work ethic are positive for employee performance at LAZISMU UMS and LAZISMU Solo.[22][23]

To explain the extent of the influence of the independent variable on the dependent variable, it is necessary to look at the coefficient of determination. As previously described, the value of R Square is 0.985, which means that the influence of the independent variable (Leadership and Islamic Work Ethics) on the dependent variable (Employee Performance) is 0.985. Therefore, it suggests that 98.5% of employee performance variables are explained by the independent variables of Islamic leadership and work ethic. In comparison, the remaining 1.5% is influenced by other factors not examined in this research.[24]

### ***3.1. The Influence of Leadership on Employee Performance***

The statistical test performed in this research shows the comparison between the t obtained and the t table. The partial hypothesis test shows that the t obtained is 30.692, and the r table is 2.110, which is smaller than the t obtained. Therefore, it indicates that leadership has a positive and significant effect on employee performance. This finding is consistent with Sutono and Fuad Ali Budiman's (2009) research, which revealed that leadership positively and significantly affects employee performance. This means that leadership (X1) contributes significantly to employee performance at LAZISMU UMS and LAZISMU Solo.[25]

### ***3.2. The Influence of Islamic Work Ethics on Employee Performance***

Based on the partial hypothesis test, the t obtained is -7.618, and the r table is 2.110, which is greater than the t obtained. It means Islamic work ethics has a negative and significant effect on employee performance. The results of this research are in line with research conducted by Nino Megiawan Febriantoro (2016), which shows that Islamic work ethics has a negative and significant effect on employee performance. The Islamic work ethics, including working with aqidah, knowledge, and God's instruction, have not effectively and efficiently influenced employee performance at LAZISMU UMS and LAZISMU Solo.[26]

## **4. CONCLUSION**

From the results of the hypothesis testing using multiple linear regression model, an equation  $Y = -7.078 + 0.044X1 + 0.043X2 + e$ , is obtained. The discussion section concludes that the influence of leadership and Islamic work ethic on employee performance at LAZISMU UMS and LAZISMU Solo is 98.5%. This is evidenced by the results of data analysis in the test table of the coefficient of determination (R<sup>2</sup>). It can be seen that the r square is 0.985. This means that the variation of changes in employee performance variables (Y) is 98.5%. So the magnitude of the influence of leadership and Islamic work ethic on employee performance is 98.5%, while other factors outside of this study influence the remaining 1.5%.

The following conclusions are derived from the analysis of the influence of leadership and Islamic work ethics on employee performance: 1). The partial multiple linear regression test of the leadership variable (X1) shows the t-test result of 30.632 with a significance value of 0.000. It means that leadership has a positive and significant effect on employee performance at LAZISMU UMS and LAZISMU Solo. 2). The partial linear regression test of the Islamic work ethic variable (X2) shows the t-test result of -7.618 with a significance value of 0.000. It indicates that Islamic work ethics have a negative and significant influence on employee performance at LAZISMU UMS and LAZISMU Solo. Based on the results of simultaneous multiple linear regression tests, the calculated f value is 573.933 with a significance level of 0.000. So it can be concluded that Islamic leadership and work ethic are very influential on the performance of employees at the Amil Zakat Institute in Surakarta.

Suggestions. The following recommendations are made to other researchers who are interested in this field: 1. Future researchers should broaden the research scope by concentrating not only on Amil, Zakat, and Shadaqah institutions on campus and in Solo so that the research results are more comprehensive. 2. In addition to leadership and Islamic work ethics, further researchers should look at various other variables.

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