

## Islamic Organizational Culture Moderates the Influence of Transformational Leadership Style on the Performance of Employees at Bank Syariah Indonesia KCP Kalianda

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### *ABSTRACT*

The purpose of this research is to examine the Islamic Organizational Culture in moderating the influence of transformational leadership style on employee performance. The research was conducted at Bank Syariah Indonesia KCP Kalianda, with data collection using questionnaires on a sample of 30 employees. The data analysis technique used is Moderated Regression Analysis (MRA) with SPSS software version 20. The results showed that transformational leadership style has a positive and significant effect on the performance of employees at Bank Syariah Indonesia KCP Kalianda. Furthermore, Islamic organizational culture can moderate the influence of transformational leadership style on employee performance with a positive and significant value, which strengthens the relationship between transformational leadership style and employee performance.

**Keywords:** Transformational Leadership, Employee Performance, Islamic Organizational Culture

## A. INTRODUCTION

Every organization or institution, whether governmental or private, has goals that it aims to achieve, both in the short term and long term. To achieve these goals, planning and management of quality human resources are necessary. Human resources are the main actors and are crucial as the driving force of an organization. The success of an organization is determined by the quality of its human resources, which can be measured through employee performance with the hope that the organization's goals can be achieved.

One effort that can influence the quality of employee performance is leadership style. Leadership style is defined as the behavior or manner chosen and used by leaders to influence the thoughts, feelings, attitudes, and behavior of their organization. According to the Path-Goal Theory developed by Robert House, leaders encourage higher performance by engaging in activities that influence their subordinates to believe that the outcomes can be achieved with serious effort. The appropriate leadership style will motivate employees to perform optimally (Nisak 2021).

The presence of a transformational leader in an organization is highly desirable. However, in reality, many leaders of institutions/organizations or even countries apply an authoritarian, arbitrary, and unwise leadership style, which does not solve problems to help the organization grow and progress. Instead, many hinder the development of the organization with policies that are detrimental to its members and highly bureaucratic. Thus, we can conclude that transformational leadership can create employees who consistently perform at a high level and can steer the company toward a better direction in an increasingly competitive world (Desky 2014).

In addition to leadership, another factor considered to influence employee performance is organizational culture. Organizational culture is widely recognized as the foundation of management systems and activities in every organization. According to Anthony and Govindarajan, organizational culture encompasses shared beliefs, values, norms of behavior, and assumptions that are implicitly accepted and explicitly manifested throughout the organization.

The overall performance of a company can also be affected by employee performance issues. It is important for a company to know what is happening within the company itself. Listening to employee complaints and creating good communication facilitates the company in identifying employee performance issues. One way to assess employee performance is by looking at the number of customers who transact at the bank. The number of customers at Bank Syariah Indonesia Kalianda Branch Office is as follows:

**Table I. Number of Customers at Bank Syariah Indonesia KCP Kalianda**

Indicator	2021	2020	2019	2018
Saving Customers	1245	1615	1745	1920

*Source: Primary Data 2021, Bank Syariah Indonesia KCP Kalianda.*

Based on the table above, it is known that the number of customers saving at Bank Syariah Indonesia Kalianda has decreased annually. The performance produced by employees will affect the number of customers transacting and the bank's revenue at Bank Syariah Indonesia KCP Kalianda. Employees often lack understanding of their respective duties, and their knowledge of the organizational culture provided by the bank

is still low. To achieve maximum performance, the company must have a strong organizational culture, one that prioritizes results without neglecting existing processes.

Several factors hinder the development of the Islamic banking industry in Indonesia, including insufficient educated and professional human resources, issues related to human resource management and the development of a strong organizational culture, and the weak entrepreneurial spirit of the nation. Additionally, relatively small and limited capital (funds), low trust levels from the Muslim community, and the lack of a systematically and proportionally formulated academic framework for developing Islamic financial institutions also pose challenges (Rusdiyana 2016).

Based on the explanation above, it is essential to conduct further research on how Islamic Organizational Culture moderates the influence of Transformational Leadership Style on the performance of employees at Bank Syariah Indonesia KCP Kalianda.

## **B. LITERATURE REVIEW AND HYPOTHESIS**

### **Organizational Behavior Theory**

Organizational Behavior Theory, discussed by Colquitt et al., emphasizes the importance of organizational mechanisms, group mechanisms, and individual characteristics that can directly influence performance or indirectly through individual mechanisms. This theory highlights how organizational behavior can impact performance, where individuals do not work alone: "Job Performance, Personal Factors, Skill Motivation, Organization Commitment, Leadership Factors, Style Support, Direct Team, Factors Collaboration, Support Quality System, Factors Facilities, Job System Contextual, Factors Internal Environment, External Environment."

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Performance is viewed as the goals for working life, which is the ultimate goal in an organization and work environment, indicating how successfully each individual contributes to the work organization.

This theory serves as the basis for researchers in determining the variable of Transformational Leadership as a form of elaboration from Group Mechanisms, namely Leadership Style and Behaviors. Islamic Organizational Culture acts as a moderating variable for transformational leadership, as one form of elaboration from Organizational Mechanisms, formed from the processes of organizational culture and structure (Jasson Colquitt A., Jeffery LePine 2011).

### **Performance Management Theory**

Performance Management Theory according to Armstrong and Baron is a strategic and integrated approach to providing results achieved from work, namely about what is done and how to do it. This approach is done by improving performance and developing team and individual capabilities. The performance management process is seen as a series of activities carried out sequentially through organizational mission and strategic goals, plans and objectives, performance and development agreements, performance and development plans, work and development actions, monitoring, and formal reviews. The focus in this theory is to refer to the five factors, namely Personal factors include behavior, skill level, competence, motivation, and individual commitment to the organization. Leadership factors include leadership style, leadership support and direction. Team factors include the quality of support provided by coworkers. System factors include the work system and facilities provided by the organization.

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Contextual/situational factors are indicated by the high level of pressure and changes in the internal and external environment. This theory suggests that factors from the human resource side affect performance. This theory is the basis of reference for researchers in taking Islamic work ethics variables and transformational leadership as one of the factors that influence employee performance. The transformational leadership is an elaboration of Leadership factors shown by the leadership style in the company.

### **The Influence of Transformational Leadership on Employee Performance**

The ability of someone to lead is crucial so that employees understand what is communicated and behave accordingly. Sutono and Fuad Ali Budiman in their research on "The Influence of Leadership and Islamic Work Ethic on Employee Performance at the Islamic Financial Services Cooperative Baitul Maal Wat Tamwil in Rembang District" concluded that both leadership and work ethic variables simultaneously have a significant influence on employee performance at the BMT Islamic Financial Services Cooperative in Rembang District. Based on this theory and previous research, the hypothesis of this study is:

HI: Transformational Leadership influences Employee Performance

## **The Influence of Transformational Leadership Interaction with Islamic Organizational Culture as a Moderating Variable on Employee Performance**

Suweno in his research on "The Moderating Effect of Organizational Culture on the Influence of Transformational Leadership on Performance" found that organizational culture moderates the influence of transformational leadership on employee performance in the Education Office of Sukoharjo Regency. This means that the more effectively transformational leadership and organizational culture are applied and oriented, the higher the employee performance (Suwono 2012).

H2: Islamic Organizational Culture can moderate Transformational Leadership on Employee Performance

### **C. RESEARCH METHOD**

This research uses a quantitative research approach. Quantitative method is defined as a research method based on positivist philosophy, used to study a specific population or sample, collecting data using research instruments, and conducting quantitative data analysis with the aim of testing predetermined hypotheses.

According to Sugiyono, population is a generalization area consisting of objects or subjects with specific qualities and characteristics set by the researcher for study and subsequent conclusions (Pradana, M. 2016). The population in this study consists of all employees at Bank Syariah Indonesia KCP Kalianda, totaling 30 people.

The sampling technique used is saturation sampling. According to Sugiyono, saturation sampling is a sampling technique where all members of the population are used as

samples. Therefore, the sample in this study consists of 30 employees at Bank Syariah Indonesia KCP Kalianda who will be provided with a research instrument in the form of a questionnaire.

## D. RESULTS AND DISCUSSION

### Validity Test and Reliability Test

#### Validity Test

Validity is a measure that indicates the level of validity or accuracy of an instrument. A highly valid instrument has high validity, whereas an instrument with low validity has less validity. To determine whether an item is valid or not, one must compare the obtained correlation coefficient ( $r$ -value) with the critical value ( $r$ -table). The significance level typically used is 0.05 or 5%, with a sample size ( $n$ ) of 30. Therefore, the critical  $r$ -value ( $r$ -table) for this study is:  $r(0.05, 30-2) = 0.374$ .

#### Reliability Test

Reliability refers to the extent to which an instrument is consistent in measuring the phenomenon it is intended to measure. It indicates the degree to which the instrument yields stable and consistent results over time and across different conditions. One commonly used measure of reliability is Cronbach's Alpha coefficient. If Cronbach's Alpha coefficient exceeds 0.60, the instrument is generally considered reliable for use in data collection.



**Table 5. Result Of Reability Test**

Variable	Reliability Coefficients	Cronbach Alpha	Explanation
Leaderships Transformation al	4 Item	0,782	Reliabel
Employee Performance	6 Item	0,808	Reliabel
Islamic Organizational Culture	23 Item	0,953	Reliabel

*Source : Primary Data, processed, 2022*

### Classical Asumtion Test

#### Normality Test

The normality test in regression models is conducted to examine whether the residual values are normally distributed or not. If the significance value is greater than 0.05, the data is normally distributed. If the significance value is less than 0.05, the data is not normally distributed.

**Table 6. Kolmogorov-Smirnov Test Results**

Test Results	Nilai sig.	Keterangan
Kolmogorov Smirnov	0,940	Normally distributed

*Source : Primary Data, processed, 2022*

Based on the Kolmogorov-Smirnov test of normality, the significance value obtained is  $0.940 > 0.05$ . Therefore, it can be concluded that the data is normally distributed.

### Multicollinearity Test

The multicollinearity test is conducted to determine whether there are independent variables that exhibit similarity within a regression model, typically assessed using the Variance Inflation Factor (VIF). If the VIF value is less than 10, it indicates no multicollinearity. However, if the VIF value exceeds 10, it suggests multicollinearity is present.

**Table 7. Multicollinearity Test Results**

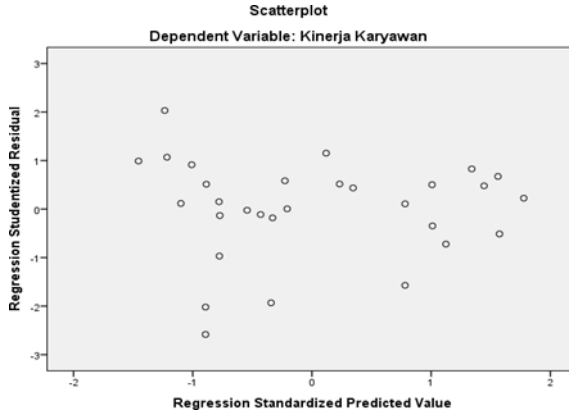
Variabel	Tolerance	VIF	Kriteria
Transformational Leadership	0.912	1.096	No Multicollinearity

*Source : Primary Data, processed, 2022*

### Heteroskedasticity Test

The heteroskedasticity test is used to determine whether there is a deviation from the classical assumption of homoscedasticity, which is the equality of residual variances for all observations in a regression model. If there is a distinct pattern in the scatter plot, such as points forming a systematic pattern, it indicates heteroskedasticity. On the other hand, if there is no clear pattern and points are evenly spread out, it suggests that heteroskedasticity is not present.

**Table 8. Heteroskedasticity Test Results**



*Source : Primary Data, processed, 2022*

### Multiple Linear Regression Analysis

In this study, the hypothesis testing used the Multiple Linear Regression analysis tool. Multiple linear regression analysis is used to determine the influence of several independent variables on a dependent variable (Y). In this study, with a sample size of  $n = 30$  at a significance level of 5%, the obtained t-table value (27; 0.05) is 1.703, while the calculated t-value for variables X (Transformational Leadership) is as follows:

The regression equation obtained from the calculation is:  $Y = -2.775 + 0.597 X_2 + e$

Where:

Y : Employee Performance

X : Transformational Leadership

e : Standard error

Based on the above regression, it can be interpreted as follows: The constant value -2.775 indicates that the level of

employee performance is -2.775 when the transformational leadership variable (X) is 0.015.

Based on the regression equation, the transformational leadership variable (X) shows a positive regression coefficient with employee performance,  $b = 0.597$ , indicating an influence of 0.597. This means that for every one unit increase in transformational leadership, employee performance increases by 0.597, assuming other independent variables remain constant.

### Moderated Regression Analysis (MRA)

The interaction test or often called Moderated Regression Analysis (MRA) is a special application of multiple linear regression where the regression equation contains an interaction element (multiplication of two or more independents) that aims to determine whether the moderating variable will strengthen or weaken the relationship between the independent and dependent variables.

### Hypotesis Test

#### Uji t

The t-test is used to determine the influence of the independent variables, Transformational Leadership, and Islamic Organizational Culture, on the dependent variable, which is Employee Performance, individually (one by one).

Tabel I3. T test results

Variabel	Sig.	Kriteria
Transformational Leadership	0,018	Influences Employee Performance
Islamic Organizational Culture moderates	0,004	Influences Employee Performance
Transformational Leadership x Islamic Organizational Culture moderates	0,036	Moderating Transformational Leadership on Employee Performance Employees

*Source : Primary Data, processed, 2022*

The results of the partial (t-test) in this study are as follows:

1) Influence of Transformational Leadership on Employee Performance

Based on the table above, Transformational Leadership shows a positive regression coefficient 0.597 and significance level of  $0.018 < 0.05$ . Therefore, Transformational Leadership positive and significantly influences Employee Performance.

2) Influence of Islamic Organizational Culture moderating Transformational Leadership on Employee Performance

Based on the table above, the interaction between Transformational Leadership and Islamic Organizational Culture has a t-value of 2.223 with a significance level of  $0.036 < 0.05$ . This indicates that Islamic Organizational Culture

moderates Transformational Leadership on Employee Performance.

### F Test

The F test is used to determine the effect of independent variables, Transformational Leadership, and Islamic Organizational Culture on the dependent variable Employee Performance simultaneously.

**Table 12. F Test Results**

F <sub>tabel Results</sub>	Sig.
100,204	0,000

*Source : Primary Data, processed, 2022*

From the simultaneous significance test table (F test), it was found that the calculated F value is 100.204 with a significance level of 0.000, which is less than 0.05. Thus, it can be concluded that Transformational Leadership and Islamic Organizational Culture together have an influence on Employee Performance.

### Coefficient of Determination Test (R<sup>2</sup>)

**Table 14. Results of the R Square**

Item	R Square
Transformational Leadership	0,954

*Source : Primary Data, processed, 2022*

Based on the table above, it shows that the Adjusted R-squared value is 0.954, indicating that Transformational Leadership and Islamic Organizational Culture as moderating variables

influence the dependent variable, Company Value, by 95.4%, while 4.6% is influenced by other factors outside the equation above.

## DISCUSSION

### **The Influence of Transformational Leadership on Employee Performance**

Based on testing and comparison, Transformational Leadership shows a positive regression coefficient 0.597 and significance level of  $0.018 < 0.05$ . Therefore, Transformational Leadership positive and significantly influences Employee Performance at Bank Syariah Indonesia KCP Kalianda.

According to the theory proposed by Danim regarding Transformational Leadership, it is the ability of a leader to work through others to optimally transform organizational resources in order to achieve meaningful goals aligned with established targets. The Transformational Leadership implemented by Bank Syariah Indonesia KCP Kalianda towards its employees is effective, as the leadership always provides support. This can be seen from the results of this study indicating that Transformational Leadership affects employee performance.

Based on interviews conducted by researchers with employees of BSI Kalianda, they can serve as role models. So far, the leadership also adheres to the company's regulations. Leaders always demonstrate enthusiasm in carrying out their duties as leaders and consistently perform their tasks according to their job descriptions.

The findings of this study are consistent with the research of Sutono and Fuad Ali Budiman on "The Influence

of Leadership and Islamic Work Ethos on Employee Performance in the Islamic Financial Services Cooperative Baitul Maal Wat Tamwil in Rembang District," which states that Transformational Leadership directly influences employee performance.

### **The Influence of Transformational Leadership Interaction with Islamic Organizational Culture (M) on Employee Performance**

Hypothesis (H2) of this study states that Transformational Leadership has an influence on Employee Performance with Islamic Organizational Culture as a moderator at Bank Syariah Indonesia KCP Kalianda. Based on the summary of hypothesis testing, the t-value for Transformational Leadership is 2.223 with a significance level of 0.036, which is less than 0.05. Thus, H2 is accepted. The results of the fourth test indicate that Islamic Organizational Culture can moderate the relationship between Transformational Leadership and Employee Performance.

In this case, there is also a quasi-moderation analysis model (pseudo-moderation), meaning that quasi-moderation is a variable that moderates the relationship between the independent variable and the dependent variable, where the quasi-moderator interacts with the independent variable and simultaneously becomes an independent variable itself. It can be seen from the direction of the regression coefficient of the interaction between Transformational Leadership and Islamic Organizational Culture, which is positive, indicating that higher Islamic Organizational Culture strengthens the relationship.



## CONCLUSION

Based on the results of the data analysis conducted through the distribution of questionnaires to all employees of Bank BSI KCP Kalianda, several conclusions can be drawn as follows:

According to the research findings, transformational leadership has a positive and significant influence on employee performance at Bank Syariah Indonesia KCP Kalianda. This is evidenced by the fact that higher levels of transformational leadership exhibited by a leader in their work positively affect the performance of employees in carrying out their tasks.

The moderation test of Islamic organizational culture on the relationship between transformational leadership and employee performance yielded positive and significant results. This indicates that strengthening the relationship between transformational leadership and employee performance through Islamic organizational culture is effective. In other words, the more effectively transformational leadership and organizational culture are applied by someone, the higher the employee performance will be.

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