The Power of Job Satisfaction in Improving the Performance of Employees of Sharia Banking Companies

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Abstract

In this study, the title of the power of job satisfaction was given in improving the performance of Sharia banking companies, using four variables, namely Organizational Culture, Leadership Style, Job Satisfaction, and employee performance. The analysis method is used path analysis which only looks at direct influences, while indirect influences are not conveyed in this study. The result of this study is that of the four variables received a strong response in giving correlation of each variable. Organizational culture and leadership style have a direct influence on job satisfaction in the Sharia banking sector in Indonesia, so as to be able to provide improved employee performance. As the results in the conclusion of the hypothesis test of organizational culture affect positive job satisfaction 0.659 significant 0.000, leadership style affects positive job satisfaction 0.507 significant 0.000. While organizational culture affects positive performance 0.561 significant 0.001, leadership style affects positive performance 0.353 significant 0.007. As for job satisfaction to positive performance of 0.320 significant 0.003. Of all the variables, there are positive and significant correlations. This is a strength to be used as a form of respect for Sharia banking companies in managing human resources to be the main force in improving the performance of Islamic banking companies.

Keywords: Organizational Culture, Leadership Style, Job Satisfaction, performance and sharia

1. Introduction

The common values, customs, and behaviors that characterize an organization's operations and core principles are referred to as its organizational culture. How a firm fosters a dedication to accomplishing its vision, winning the loyalty of its employees, beating the competitors, and growing its business is an example of its culture. Culture, rather than structure, is what drives success in any given organization (Kostis, 2021). Culture at a company is largely shaped by its leadership or top management, but it also develops organically from the shared beliefs and ideals of its employees. Another aspect that can be exploited to an organization's advantage is the leadership style of its top executives. Consequently, leadership can be defined as the capacity to inspire followers to join in the pursuit of a common goal; the degree to which a leader can exert this influence will decide the strategies that followers adopt to achieve their organization's objectives. Leaders in an organization can affect employee behavior by designing systems and processes that cater to people's needs. Staff morale is significantly influenced by the leadership style that is used, According to research (Marwansyah, 2019).

Additionally, this cannot be disentangled from the fact that employees might obtain job satisfaction if all expectations can be met in the performance of their jobs. An individual's level of job satisfaction is the result of a two-way conversation between that individual and the conditions of his workplace (Roelen, Koopmans, & Groothoff, 2008; Roelen, Koopmans, Notenbomer, et al., 2008) Human resources play a crucial part in the success of a company since, no matter how well-designed or well-equipped the organization's physical locations may be, the company's operations would simply grind to a halt without its people.

An organization's productivity will be bolstered by the quality of its employees' work, thus its leadership should always focus on enhancing the work of its members for the good of the organization. Having a company culture and leadership style that are congruent with employee expectations is one method in which businesses can boost productivity among their staff. Although there are distinctions between conventional banks and Sharia banks, employment satisfaction is essential for those who work at Sharia banks (Loan, 2020; Shafiu et al., 2019). Sharia banks generate income via margin revenue sharing, whereas traditional banks rely on interest income. (Hariyanto,
A person's work performance will be affected by his level of job satisfaction, so that the company's objectives can be met effectively. Job satisfaction is essentially an individual trait; each person's level of satisfaction is determined by the ideals that apply to him. In addition to job happiness, a leader's performance is also affected by the traits of his subordinates that pertain to the communication process between the leader and subordinates. Failure as a leader is a result of the leader's inability to motivate and satisfy personnel within a certain job and setting.

The role of leaders in this process, particularly in Sharia banks, is crucial in defining how banking firms are implemented. The role of a leader extends beyond simply directing and advising workers; rather, it is most crucial that a leader be able to articulate a clear vision for the future of the organization so that the outcomes are consistent with the objectives that drove its founding. According to (Zainal, 2015a, 2015b) a leader's capacity for influencing others will decide the methods through which employees use to get results at work. Leadership is the ability that a person possesses to motivate others to work toward reaching goals and objectives. It is predicated on the claim that a leader has the power to plan, direct, coordinate, and monitor employee conduct in accordance with managerial functions. A good leader is one who is open to change, welcomes constructive criticism and recommendations from followers, and frequently considers their welfare. Organizational leaders can shape behavior by designing systems and procedures that satisfy all requirements, including those of the person, the group, and the organization.

2. Theoretical

Utilization, development, evaluation, service delivery, and administration of individuals or groups at work are all aspects of human resources. Furthermore, it (Mangunegara, 2012) (Narsih et al., 2022) an employee's performance is the result of the quality and amount of work he or she completes in meeting the requirements of the position. An individual's general attitude about their employment is referred to as job satisfaction. Depending on his internal value system, each person has a varied amount of fulfillment. The higher the degree to which a person's preferences are met, the more satisfied they are at work. The company's values can take the form of innovations that are highly valued in the culture of the organization, rewards for degree equality among all employees that are firmly held by all members of the company, or even the values of the relationship between leaders and subordinates that is not discriminatory. These aspects can manifest as. (Chapman et al., 2018; Kumpikaite, 2008)

Similarly, while discussing employee job happiness, it cannot be divorced from the fact that employee job satisfaction can be attained if all expectations in carrying out their job obligations are met (McLeod, 2018), (Norawati et al., 2022) Work satisfaction reflects an individual's feelings and attitudes regarding his work, which is the interplay between the individual and his work environment. In the absence of a discrepancy between what they want and what they think is the case, people will be pleased. If there are differences, and they are for the better, both the employer and the staff will be happy. If employees' needs are met, they will feel content in their jobs. A person's level of job satisfaction is directly proportional to how well their needs are met.

Work satisfaction refers to general feelings about one's work environment. There is a wide range of happiness between people since everyone has different priorities. If more preferences are met by the job, then the worker is happier. Job satisfaction is defined as an individual's evaluation of their positive or negative emotional response to their work environment and their fellow employees. What the individual feels can be favorable or negative depending on how the work is perceived. It may show that working environments can help boost job interest and reduce employee conflicts, all of which will lead to employee happiness. A quality improvement program, according to (Sedarmayanti, 2016), (Doddy et al., 2020) can increase employee job satisfaction through increased work interest, good relations with management and fellow employees, job security, increased responsibility, salary increase, opportunities for promotion, clarity of roles, and increased participation in decision making. The organizational culture is defined as (Robbins & Judge, 2018) employees are expected to act in accordance with a set of common values, principles, traditions, and ways of doing work. According to it, organizational culture is the subject of overcoming external and internal problems through consistent application by a group that then bequeaths (Robbins, 2003) to newcomers as a useful lens through which to view and think about the challenges they may face.

In addition, according to (Robbins & Judge, 2018), (Prayitno et al., 2022; Zulher & Ratnasih, 2021) the culture is born and develops through the vision of the founders because the organizational culture reflects the values held by the founder. After that, the organizational culture will develop through the selection of employees. Managers will usually select an employee not only based on ability qualifications, but you can get a sense of how well an applicant will fit in with the rest of the staff by observing how effectively they work together. Executive behavior
also has a significant role in shaping company culture. Finally, workers socialize into the culture of the company, which aids new hires in learning the ins and outs of how things are done around the office. So it can be said that culture contains what is allowed to be done or what not to do so that it can be said to be a guideline as in research (Mulyati & Cicih, 2017; Ratnasih, 2017). Basically, organizational culture in a company is a tool to unite each individual who carries out activities together. Elements of organizational or corporate culture are values, beliefs, opinions, attitudes and norms. Culture is basically the totality of patterns of social behavior, art, beliefs, institutions, and products of work, as well as other human thoughts of a particular community or population, or is a value contributed by people in a group that tends to persist for a relatively long time, although the members of the group undergo changes. (Ratnasih & Riwu, 2020)

An organization’s culture has an impact on the way its members act, both individually and collectively, and on whether or not its aims are really accomplished. So, it is possible to conclude, in a nutshell, that organizations significantly affect their own efficiency. Because of the attitude and cohesiveness in adhering to existing principles, the existence of a strong organizational culture is highly helpful for the organization, particularly in terms of facilitating the coordination of operations in the organization, (Virginia & Ratnasih, 2017) as well as the creation of harmonious relationships and cooperation between employees, so that motivation increases, will increase organizational achievement and effectiveness , as well as the way in which every decision can be made quickly and easily.

3. Methodology

This study uses primary data, models and analytical techniques using path analysis. For the accuracy of calculations used program SPSS 22. The variables used include performance as (Z), employee satisfaction as (Y) which is an intervening variable, while the free variable consists of organizational culture (X1) and leadership style (X2). The composition of the model can be seen below:

Model I is \[ Y = \rho_{yx1} X_1 + \rho_{yx2} X_2 + \rho_{ye1} \]

Model II is \[ Z = \rho_{zx1} X_1 + \rho_{zx2} X_2 + \rho_{zy} Y + \rho_{ze2} \]

Where:

X1 : Organizational Culture
X2 : Leadership Style
Y : Employee satisfaction
Z : Performance

According to this paradigm, organizational culture influences employee satisfaction, organizational culture influences employee performance, leadership style influences employee workers' output is affected by factors such as job happiness and leadership style. Moreover, job happiness as an intervening element influences employee performance directly. Variables that are characterized or influenced by independent variables are bound variables, (Umar, 2002). The outcomes of this research are job satisfaction and performance on the job which are impacted by the independent factors of corporate culture and leadership style. Many study instruments employing the Likert scale were utilized to collect data.

Test Classical Assumptions

Before hypothesis testing is carried out, it has gone through validity and reliability tests. In addition, it is also carried out through a test of classical assumptions. This test is carried out to obtain valid and reliable parameters. Therefore, it is necessary to test and clean up against violations of basic assumptions if they do occur. The testers of the classical basic assumptions of regression consist of the Normality Test, the Multicholinearity Test and the Heteroskedasticity Test.

The Normality Test is utilized to determine whether or not the data are distributed in a normal fashion. In order to do parametric analysis, such as linear regression, it is necessary for the data to have a normal distribution. In this particular investigation, the data normality test was conducted by comparing the sample data from each variable to the results obtained from the SPSS for Windows program. The condition known as multicholinearity describes when two or more independent variables in a regression model have a perfect or almost perfect linear relationship. The absence of multicholinearity issues is a necessary condition for a decent regression model. In the meantime, the Heteroskedasticity tester examines whether or not the residual from a regression model exhibits a situation in which there is a dissimilarity of variations of the residual. In order to have a reliable regression model, the study in question must not contain any heteroskedasticity issues. The authors utilized Spearman's rho test method in order to determine whether or not heteroskedasticity was present in the data.
4. Result and Discussion

Path analysis is used to evaluate the data, which involves examining patterns of association revealing the impact of one variable or set of circumstances on another. While using this method of testing, only direct influences can be identified. The following are the stages that are carried out to get at the conclusions of the path analysis:

The development of a model that is conceptually and theoretically structured in the following manner constitutes the initial phase of path analysis:

\[(\beta_1) \text{ Organizational culture has a direct effect on employee job satisfaction.} \]

\[(\beta_2) \text{ Leadership style has a direct effect on employee job satisfaction.} \]

\[(\beta_3) \text{ Organizational culture has a direct effect on employee performance.} \]

\[(\beta_4) \text{ Leadership style has a direct effect on employee performance.} \]

\[(\beta_5) \text{ Job satisfaction has a direct effect on employee performance.} \]

Investigating the presumptions that form the idea that the relationship between the variables is linear and additive, which is what path analysis is based on. A respiracoral model or causal flow that is bidirectional (alternating) cannot be examined since the model that is being utilized is recursive, which means that it only has a single direction of causal flow.

The estimation of parameters, also known as the determination of the path coefficient, is the second phase in the path analysis process. The regression analysis carried out with the SPSS 22.0 program for Windows is utilized in the process of parameter estimation. Path analysis is a method for detecting an external factor's effect on a dependent variable or variables. Statistical analysis is performed to discover norms and correlations between factors. The results of this investigation's path coefficient computation are presented below.

Sub Structure Equation 1:
\[ Y = \rho_{yx_1} x_1 + \rho_{yx_2} x_2 + \rho_y e_1 \]
\[ Y = 0.911x_1 + 0.848x_2 + e \]

Substructure Path Analysis Model 1

According to the findings, the connection coefficient between organizational culture and job satisfaction is 0.911%, according to the correlation study. This suggests that the association between corporate culture and work satisfaction can be regarded as having a very high degree of strength. The fact that the positive correlation coefficient has a positive value indicates that there is only one direction in which the relationship between compensation and work satisfaction can be described. In a similar vein, the findings of the investigation revealed that the 0.848 value of the correlation coefficient between leadership style and job satisfaction is quite high, suggesting that there is a strong link between the two variables. Considering that the value of the positive correlation coefficient is positive, it's safe to assume that there is only one way in which the relationship between leadership style and work satisfaction can be described. In conformity with the findings of earlier studies like as (., 2018; Kountur et al., 2021; Ratnasih, 2017)

A probability of 0.000 was obtained from the t-test for determining whether or not a certain amount of correlation was significant. As compared to the standard significance threshold of 0.05, this likelihood is too low to rule out the possibility of a significant effect. Association can be dismissed in favor of the alternative hypothesis that states...
that a meaningful relationship does exist. So, there is a powerful and significant connection between a company's culture and employees' happiness on the job. Furthermore, there is a strong, one-way, substantial relationship between the leadership style and the extent to which employees are satisfied with their jobs.

The results of the path analysis indicate that organizational culture significantly affects the job satisfaction of Sharia bank employees, as indicated by the partial test or $t$ test with a $\text{Sig}$ value of 0.000, where the value of $\text{Sig}$ 0.000 is less than 0.05 or $[0.000 0.05]$, thus rejecting $H_0$ and accepting $H_a$. In the partial test or $t$ test, if the $\text{Sig}$ value of 0.000 is less than 0.05 or $[0.000 0.05]$, then $H_0$ is rejected and $H_a$ is accepted, indicating that the path analysis coefficient is significant and that the Leadership Style has a direct impact on the job satisfaction of Sharia bank employees. In light of the foregoing description, the outcomes of the link between klausal $X_1$ and $X_2$ to $Y$ can be conveyed as follows.

Table 1. Variable Relationships

<table>
<thead>
<tr>
<th>Influence Between Variables</th>
<th>Coefficient Line (Beta)</th>
<th>Direction Hub</th>
<th>Result Test $F$</th>
<th>Result $t$-test</th>
<th>Determination $\text{Remnant}$</th>
</tr>
</thead>
<tbody>
<tr>
<td>$X_1$ Against $Y$</td>
<td>0.659</td>
<td>Positive</td>
<td>Significant</td>
<td>Significant</td>
<td>0.860</td>
</tr>
<tr>
<td>$X_2$ Against $Y$</td>
<td>0.507</td>
<td>Positive</td>
<td>Significant</td>
<td>Significant</td>
<td>0.860</td>
</tr>
</tbody>
</table>

Source: Processed data (2021)

Sub Structure Equation 2: $Z = \rho_{zx_1} X_1 + \rho_{zx_2} X_2 + \rho_{zy} Y + \rho_{zie} Z$

Sub-Structure Path Analysis Model II

Figure 2. Path Analysis Model II

The correlation research found a very high relationship between organizational culture and employee performance, with a correlation coefficient of 0.809 between the two variables. The positive correlation coefficient value indicates that the relationship between corporate culture and employee performance has no obvious directionality. The correlation coefficient between leadership style and employee performance was calculated to be 0.680, showing that there is a significant relationship between the two variables. The magnitude of the positive correlation coefficient indicates a one-way relationship between leadership style and employee performance. The correlation coefficient between job satisfaction and employee performance was found to be 0.786, indicating a strong relationship between the two variables. The positive correlation coefficient indicates that there is a one-way relationship between employee performance and work contentment (Ratnasih & Riwu, 2020; Virginia & Ratnasih, 2017).

The $t$-significance test's test for the correlation's magnitude produced a probability of 0.000. This probability value is lower than the required 0.05 level of significance, thus we accept $H_1$ and reject $H_0$. Hence, organizational culture significantly affects employee productivity in a positive and meaningful way. Worker output and managerial style are strongly related unidirectional, and meaningful relationship. Also, there is a strong, unidirectional, and substantial correlation between job happiness and employee performance.

As indicated by the $\text{Sig}$ value of 0.001 for the partial test or $t$ test, organizational culture has a direct effect on employee performance. $H_0$ is rejected if the $\text{Sig}$ value is less than 0.05, or $[0.0000.05]$, suggesting that the route analysis coefficient is significant. Thus, company culture has a significant impact on employee performance. The $\text{Sig}$ value of the partial test or $t$ test indicates that a leader's management style has a direct effect on employee
performance. If the Sig value is less than 0.05, or [0.0000.05], Ho is rejected and Ha is accepted, suggesting that 
the path analysis coefficient is significant. So, a leader's style has a significant impact on the performance of their 
team. Job satisfaction has a direct effect on employee performance, as indicated by the Sig value of 0.001 for the 
partial test or t test, indicating that the path analysis coefficient is statistically significant. When the Sig value of 
0.003 is less than 0.05 or [0.000 0.05], the Ho hypothesis is rejected and the Ha hypothesis is accepted. (Prayitno 
et al., 2022). Based on the description above, the results of the clausal relationship X₁ and X₂ to Z can be 
summarized as follows:

Table 2. Summary of Substructure II Path Analysis Results

<table>
<thead>
<tr>
<th>Influence</th>
<th>Coefficient (Beta)</th>
<th>Direction Result</th>
<th>Result t-test f</th>
<th>Koefisen Determination</th>
<th>Coefficient Remnant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Variables</td>
<td>Line (Beta)</td>
<td>Correlation</td>
<td>t-test</td>
<td></td>
<td>Determination</td>
</tr>
<tr>
<td>X₁ to Z</td>
<td>0.561</td>
<td>Positive Significant</td>
<td>Significant</td>
<td>0.670</td>
<td>0.330</td>
</tr>
<tr>
<td>X₂ to Z</td>
<td>0.353</td>
<td>Positive Significant</td>
<td>Significant</td>
<td>0.670</td>
<td>0.330</td>
</tr>
<tr>
<td>Y to Z</td>
<td>0.320</td>
<td>Positive Significant</td>
<td>Significant</td>
<td>0.670</td>
<td>0.330</td>
</tr>
</tbody>
</table>

Source: Processed data (2020)

The equation that shows how corporate culture and leadership style influence employee satisfaction, and how it 
affects employees' performance in Sharia Banking can be understood as a whole using the path analysis results as 
follows:

Path Analysis Equation for Substructure 1:

\[ Y = \rho yx1 \, X1 + \rho yx2 \, X2 + \rho ye1 \]
\[ Y = 0.639 \, X1 + 0.507 \, X2 + 0.320e1 \]

Path Analysis Equation for Substructure 2:

\[ Z = \rho zx1 \, X1 + \rho zx2 \, X2 + \rho zy \, Y + \rho ze2 \]
\[ Z = 0.561 \, X1 + 0.353 \, X2 + 0.320 \, Y + 0.532e2 \]
\[ Z = 0.320Y + 0.561e \]

5. Conclusion

Following is a description of the computation based on its outcomes:

1). Everyone agrees that a company's culture has a big effect on how happy people are with their jobs. Based on 
what the investigation found, the path coefficient between variable X₁ and variable Y was found to be 0.65, with 
a significance level of 0.000. So, the happiness at work goes up with the organization's culture.

2). The second idea, that a leader's style has a large, positive effect on job satisfaction, is also accepted. The analysis 
shows that the route coefficient between variable X₂ and variable Y is 0.507, which doesn't mean anything 
statistically. So, the happiness at work goes up the better the leader is.

3). Third, the idea that company culture has a big positive effect on how well employees do their jobs is accepted. 
With a significance level of 0.001, the analysis found that the path coefficient between variable X₁ and variable Z 
was 0.561. This suggests that the quality of the organizational culture is related to how well employees do their 
jobs.

4). The fourth idea, that a leader's style has a big positive effect on how well people do their jobs, is accepted. 
Based on the results of the analysis, the path coefficient between variable X₂ and variable Z was found to be 0.353, 
with a significance level of 0.007. This means that the employee's performance will be better the better the right 
style of leadership is used.

5). It is true that job satisfaction has a big, positive effect on how well employees do their jobs. Based on the results 
of the analysis, the path coefficient between the variables Y and Z was found to be 0.320, with a significance level 
of 0.003. This means that the better an employee likes their job, the better they do their job.

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