ASSESSING ISLAMIC LEADERSHIP AND ITS EFFECT ON EMPLOYEE JOB SATISFACTION AT SME’S

Lila Bismala
Faculty of Economics and Business, Universitas Muhammadiyah Sumatera Utara (lilabismala@umsu.ac.id)

Abstract: Leadership and job satisfaction have an important role in improving company performance and productivity. Leadership with effective skills can help motivate employees and make them more satisfied with their working conditions. Islamic leadership is the focus of research because the research subjects are small and medium enterprises in the Muslim fashion sector, which want the implementation of Islamic leadership in their business management. Leaders who earn the trust of employees are easier to carry out their duties because employees trust their leaders. The dimensions of Islamic leadership used in this study include ihsan and noble morals, honesty, giving good role models, knowledge, trust, justice, patience, keeping words, deliberation, humble. Meanwhile, the dimensions of job satisfaction in this study include salary, rewards, relationships with colleagues, personal development, supervisors, work environment. The research subjects were employees of small businesses engaged in Muslim clothing, with a sample size of 100 employees. The results showed that there was a significant influence between Islamic leadership on employee job satisfaction.

Key words: Islamic leadership, job satisfaction

Introduction

The population of Muslims who take part in the business world is increasing, where entrepreneurs follow Allah SWT's orders in QS. Al-Baqarah (2:198): “There is no sin for you to seek bounty (sustenance of commerce) from your Lord. So when you have departed from Arafah, make dhikr to Allah in Masy’arilharam. And do dhikr Allah as He shows you; and behold, before that you were completely perverted.” When he becomes a businessman, of course he will become a leader. More Muslims are becoming small and medium entrepreneurs, in various fields.

Small and medium enterprises as an economic entity have a big role in the country's economy, because of their ability to create jobs and resilience in economic crisis. However, the main problem for SMEs related to human resources is the high turnover of employees, low compensation which affect in low job satisfaction, and low levels of education (Bismala & Handayani, 2017), so that the formulation of a competitive strategy through optimization of human resource management, considering of organizational behavior (Bismala & Handayani, 2017).

The success of the organization in achieving its goals depends on how the leader leads the organization and the leadership style they use. Leadership is the driving force of the organization and plays a vital role in every for-profit or non-profit organization, society, and nation (Ang et al., 2012). There is a great
dependence between leaders and employees, where leaders can influence employees to achieve organizational goals; so that the capability of a leader to lead and motivate employees is a major concern in human resource management practice (Rasid et al., 2013). The leadership function is one of the roles of the administrator in order to influence other people or subordinates to achieve the organizational goals that have been previously set (Bismala et al., 2018). Leadership with effective skills can help him gain the trust of employees, make it easier to carry out tasks because employees trust their leaders. The interpersonal category in leadership consists of personal attributes, communication, competence and support for others. Different tasks usually require different patterns of leadership behavior. Different situations of employees in terms of experience, skills, values, and needs require different leader behavior (Bismala, 2018). Leadership qualities are associated with individuals, and those people are accepted as leaders, based on their perceived level of fit. The role of a leader is as a direction and goal in the future (direct setter), change agent (change agent), negotiator (spokes person), and as a coach (coach).

Islam makes no distinction between spiritual and worldly matters (Moten, 2011; Toor, 2008) rather, it integrates socio-economic, legal, cultural and other aspects of human life (Toor, 2008). Likewise with organizational behavior, one of which is Islamic leadership. Leadership in Islam is centered on trust/ amanah (K. Ahmad & Ogunsola, 2011).

The point of view of the servant-leadership approach as practiced by the Prophet Muhammad SAW is that leadership is not seen as a right or a position (K. Ahmad & Ogunsola, 2011). This is a huge responsibility, because leaders need to feel as if they are subordinates in order to be able to best fulfill their duties (K. Ahmad & Ogunsola, 2011). They share responsibility and authority with others to fulfill a greater need, namely by involving followers in planning and decision making / shura. A fraternal approach in which the leader and all members of the organization are considered part of the extended family. Here, leaders tend to feel that they are no better than others in the organization. Apart from dealing with other people exactly as they like, they also tend to act like guides who care about the welfare of employees, they aim to understand the organization's vision and goals, achieve the vision successfully in due time, carry out tasks with the best character in worldly life and insha Allah in the hereafter (K. Ahmad & Ogunsola, 2011).

Healthy leaders are uniquely positioned to take the initiative and initiate change, have the ability to motivate and energize others, their concern and commitment to common aspirations and well-being and self-confidence make positive contributions enabling them to achieve goals in a timely and effective manner (Ali, 2009). It is further explained that these leaders map their environment, identify and articulate the aspirations of their followers, provide a logical vision, and make change possible, desirable, and practical. Leadership is defined as the process of influencing, sharing traits, where a leader and followers are involved in certain activities to achieve common goals. In addition, leaders are obliged to be role models of openness, willingness to listen and compassion in dealing with subordinates or followers (Ali, 2009).

Several studies have found a significant influence between transformational leadership on job satisfaction (Yaghoubipoor et al., 2013; Sayadi, 2016; Mohammad et al., 2011; Fernandes & Awamleh, 2004; Long et al., 2014), there is a significant
influence between Islamic leadership on job satisfaction (Rahim, 2017; Astuti et al., 2020). The higher the level of employee satisfaction, the more likely they are to stay in the company and their involvement in organizational behavior goes beyond their job description (Rizki et al., 2017).

This is what drives the importance of research on Islamic leadership and its effect on job satisfaction, at the level of small and medium enterprises. Due to the emergence of the main problem related to the low level of employee satisfaction due to leadership factors, where the object of research is small and medium enterprises run by Muslim actors, who should be able to implement Islamic leadership in leading their employees. This study aims to examine the effect of Islamic leadership on job satisfaction at the level of small and medium enterprises. The general objective of this study is to develop theoretical knowledge with practical implications regarding the causal relationship between Islamic leadership and job satisfaction.

**Literature Review**

Employees are the main asset owned by organization. Attitudes and behavior of employees not only affect their performance but also affect overall organizational performance. Maintaining employee satisfaction levels is very important for the organization, because employees who are satisfied with their jobs will tend to stay in the company, engage in organizational behavior beyond their job descriptions and roles, and help reduce the workload and stress levels of other members of the organization, they have higher loyalty within the company and work harder, which in turn results in better performance (Rizki et al., 2017). One of the factors that influence job satisfaction is leadership (Yaghoubipoor et al., 2013). Research by Yaghoubipoor et al., (2013), Hassi (2018) dan Sayadi (2016) found the effect of transformational leadership on job satisfaction, meanwhile Rahim (2017) and Astuti et al. (2020) find the influence of Islamic leadership on job satisfaction. Job satisfaction is the pleasant feeling / emotion that a person gets after completing a task successfully or assessing current work and is based on employees’ internal feelings about their current job, the quality of the work they do, and the expected reward for their efforts (M. S. Ahmad, 2011). Job satisfaction is basically something that is individual. Each individual has a different level of satisfaction according to the value system that applies to him. The higher the assessment of the perceived activity in accordance with individual desires, the higher the satisfaction with these activities (Agustina & Bismala, 2014). To increase job satisfaction in the automotive industry, leaders need to put more emphasis on aspects that can be motivators such as employee recognition, good working conditions, communication and promotion (Yaghoubipoor et al., 2013).

The dimensions of job satisfaction include work (Soleimani & NiazAzari, 2011; Hajdukova et al., 2015), pay (Soleimani & NiazAzari, 2011; Hajdukova et al., 2015; Ramalho Luz et al., 2018; Sarker et al., 2003), organization (Soleimani & NiazAzari, 2011), co-workers (Soleimani & NiazAzari, 2011), promotion (Soleimani & NiazAzari, 2011; Hajdukova et al., 2015; Ramalho Luz et al., 2018), supervisor (Soleimani & NiazAzari, 2011; Hajdukova et al., 2015; Ramalho Luz et al., 2018; Sarker et al., 2003), decision-making (Hajdukova et al., 2015), personal growth (Hajdukova et al., 2015; Sarker et al., 2003),
relationship with coworkers (Hajdukova et al., 2015; Ramalho Luz et al., 2018; Sarker et al., 2003), work environment (Hajdukova et al., 2015; Ramalho Luz et al., 2018; Sarker et al., 2003), recognition (Sarker et al., 2003).

Leadership is all efforts, jobs and activities through a certain process to bring people/ followers to participate actively in achieving the goals set with them (Handayanto et al., 2014; K. Ahmad, 2009). The ability and behavior of leaders can embody the strength of ethical values in the organizational culture; change the organizational structure by exercising influence over the organization; they create organizational culture; and take the initiative to change the organization (Ang et al., 2012).

Islam makes no distinction between spiritual and worldly affairs, which establishes rules of human behavior that cover all areas of human life (Toor, 2008; Moten, 2011). From an Islamic perspective, to lead means taking the initiative in establishing relationships with others (followers) towards achieving goals, the goal of which is the actualization of tawhid in the context of space-time (Moten, 2011), Amanah which involves a psychological contract between the leader and his followers in doing good deeds (K. Ahmad, 2009), demands a leader to guide, protect and treat followers fairly (Moten, 2011).

Thus, a leader must have a strong moral character which is developed through four stages of spiritual development: Islam, faith, taqwa, and ihsan (K. Ahmad, 2009). Sustainable human development in Islam must focus on fundamental human values. In other words, the emphasis on integrity and sincerity can be fulfilled through governance and regulation as an external driver, religion as an internal driver, leadership behavior as a driver, and innovation and knowledge for change management (K. Ahmad, 2009; Toor, 2008).

The characteristics of leadership in an Islamic perspective are Islam (Bismala, 2015; Toor, 2008), have faith and devotion to Allah SWT (Bismala, 2015; Rizki et al., 2017; Ang et al., 2012; Toor, 2008), ihsan and noble morals (Bismala, 2015; Toor, 2008), honesty (Bismala, 2015; Majeed et al., 2011; Rizki et al., 2017; Toor, 2008), set a good example (Bismala, 2015), knowledgeable (Bismala, 2015; Rizki et al., 2017; Ang et al., 2012; Toor, 2008), trustworthy (Bismala, 2015; K. Ahmad & Ogunsonla, 2011; Majeed et al., 2011), fulfill a promise (Bismala, 2015), justice (Bismala, 2015; Majeed et al., 2011), humanity (Bismala, 2015; K. Ahmad & Ogunsonla, 2011; Rizki et al., 2017; Ang et al., 2012; Toor, 2008), have a vision (Ang et al., 2012), disiplin (Bismala, 2015; Ang et al., 2012), leaving the useless (Bismala, 2015), be patient (Bismala, 2015; K. Ahmad & Ogunsonla, 2011; Toor, 2008), shyness (Bismala, 2015; Ang et al., 2012), istiqomah (Bismala, 2015), keep words (Bismala, 2015; K. Ahmad & Ogunsonla, 2011), amarma’rufnahimungkar (Bismala, 2015), deliberation (Bismala, 2015; Majeed et al., 2011; Rahman, 2018; Ang et al., 2012; Toor, 2008), humble (Bismala, 2015; Rizki et al., 2017), to inspire (Rizki et al., 2017; Toor, 2008).

Method
This research is an explanatory study, by analyzing the influence of Islamic leadership on employee job satisfaction in small and medium enterprises. The subjects of this study were employees of small and medium enterprises engaged in Muslim clothing, where 100 people were selected who were assumed to be sufficiently representative in this study.

Table 1. Demographic characteristics of respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number (percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>0 0%</td>
</tr>
<tr>
<td>Female</td>
<td>100 100%</td>
</tr>
<tr>
<td>Total</td>
<td>100 100%</td>
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</table>

<table>
<thead>
<tr>
<th>Age</th>
<th>Number (percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 20</td>
<td>17 17%</td>
</tr>
<tr>
<td>20-25</td>
<td>48 48%</td>
</tr>
<tr>
<td>26-30</td>
<td>25 25%</td>
</tr>
<tr>
<td>31-35</td>
<td>8 8%</td>
</tr>
<tr>
<td>&gt; 35</td>
<td>2 2%</td>
</tr>
<tr>
<td>Total</td>
<td>100 100%</td>
</tr>
</tbody>
</table>

Based on the demographic characteristics, the gender of the employees in the Muslim clothing business which is the subject of the study is women, this is because women have a more serving spirit, courteous and able to withstand emotions when they get complaints from consumers. While the age of most respondents was 20-25 years (48%), 26-30 years (25%), <20 years (17%), 31-35 years (8%) and over 35 years (2%).

Data Collection and Research Instruments

The data in this study were collected by distributing questionnaires to respondents who work in small and medium enterprises engaged in Muslim clothing. 20 statements related to Islamic leadership and 12 statements related to job satisfaction were distributed on a Likert scale with a value of 1 (strongly disagree), 2 (agree), 3 (neutral), 4 (agree) and 5 (strongly agree). The dimensions for Islamic leadership variables include ihsan and noble morals (Bismala, 2015; Toor, 2008), honesty (Bismala, 2015; Majeed et al., 2011; Rizki et al., 2017; Toor, 2008), set a good example (Bismala, 2015), knowledgeable (Bismala, 2015; Rizki et al., 2017; Ang et al., 2012; Toor, 2008), trustworthy (Bismala, 2015; K. Ahmad & Ogunsola, 2011; Majeed et al., 2011), justice (Bismala, 2015; Majeed et al., 2011), be patient (Bismala, 2015; K. Ahmad & Ogunsola, 2011; Toor, 2008), keep words (Bismala, 2015; K. Ahmad & Ogunsola, 2011), deliberation (Bismala, 2015; Majeed et al., 2011; Rahman, 2018; Ang et al., 2012; Toor, 2008), humble (Bismala, 2015; Rizki et al., 2017).

The dimension for job satisfaction includes salary (Soleimani & NiazAzari, 2011; Hajdukova et al., 2015; Ramalho Luz et al., 2018; Sarker et al., 2003), recognition (Sarker et al., 2003), co workers (Hajdukova et al., 2015; Ramalho Luz et al., 2018; Sarker et al., 2003), personal growth (Hajdukova et al., 2015; Sarker et al., 2003), supervisor (Soleimani & NiazAzari, 2011; Hajdukova et al., 2015; Ramalho Luz et al., 2018; Sarker et al., 2003), work environment (Hajdukova et al., 2015; Ramalho Luz et al., 2018; Sarker et al., 2003).

The collected quantitative data were processed with the help of IBM SPSS Statistics 24, where previously tested the validity and reliability of the research instruments used.
RESULTS AND DISCUSSION

Result
The validity of the instrument is intended to determine the extent to which the instrument can measure what to measure; in this situation, validity is said to be equivalent to accuracy (Hajjar, 2018). Validity exploits how well the construct of ideas is theoretically represented in the instrument (questionnaire) (Bolarinwa, 2015).

Table 2. Validity Result

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Validity</th>
<th>Reliability</th>
</tr>
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<tbody>
<tr>
<td>Islamic Leadership</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Leaders have noble morals</td>
<td>.253</td>
<td></td>
</tr>
<tr>
<td>2. The noble character of the leader is used as a role model for employees</td>
<td>.391</td>
<td></td>
</tr>
<tr>
<td>3. The leader's behavior shows honesty</td>
<td>.418</td>
<td></td>
</tr>
<tr>
<td>4. The leader's behavior shows honesty</td>
<td>.454</td>
<td></td>
</tr>
<tr>
<td>5. Leaders set good examples at work</td>
<td>.558</td>
<td></td>
</tr>
<tr>
<td>6. Leaders set good examples in worship</td>
<td>.605</td>
<td></td>
</tr>
<tr>
<td>7. Leaders have sufficient knowledge in carrying out work</td>
<td>.340</td>
<td></td>
</tr>
<tr>
<td>8. Leaders transfer knowledge to employees</td>
<td>.540</td>
<td></td>
</tr>
<tr>
<td>9. Leaders show an attitude of trust at work</td>
<td>.237</td>
<td></td>
</tr>
<tr>
<td>10. Leaders motivate employees to be trustworthy at work</td>
<td>.415</td>
<td></td>
</tr>
<tr>
<td>11. Leaders are fair to all employees</td>
<td>.162</td>
<td></td>
</tr>
<tr>
<td>12. Leaders always remind employees to be fair</td>
<td>.533</td>
<td></td>
</tr>
<tr>
<td>13. Leaders are patient in dealing with consumer complaints</td>
<td>.425</td>
<td></td>
</tr>
<tr>
<td>14. Leaders are patient in dealing with employee mistakes</td>
<td>.659</td>
<td></td>
</tr>
<tr>
<td>15. Leaders provide positive motivation to employees</td>
<td>.715</td>
<td></td>
</tr>
<tr>
<td>16. Leaders say kind words in everyday life</td>
<td>.714</td>
<td></td>
</tr>
<tr>
<td>17. The leader conducts deliberation in making decisions</td>
<td>.764</td>
<td></td>
</tr>
<tr>
<td>18. Leaders listen to employees' opinions in deliberations</td>
<td>.470</td>
<td></td>
</tr>
<tr>
<td>19. Leaders are humble in life</td>
<td>.470</td>
<td></td>
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### Job Satisfaction

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</thead>
<tbody>
<tr>
<td>20. Leaders are humble towards employees</td>
<td>.474</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Satisfaction with the salary received

1. Satisfaction with the salary received | .459 |

#### Salary are in accordance with the workload

2. Salary are in accordance with the workload | .349 |

#### The company gives awards to employees

3. The company gives awards to employees | .425 |

#### Awards received are in accordance with employee performance

4. Awards received are in accordance with employee performance | .546 |

#### Relationships with coworkers are good

5. Relationships with coworkers are good | .620 |

#### Coworkers are willing to provide assistance in work if needed

6. Coworkers are willing to provide assistance in work if needed | .750 |

#### The company pays attention to the development of employee capabilities

7. The company pays attention to the development of employee capabilities | .632 |

#### There are additional responsibilities

8. There are additional responsibilities | .634 |

#### Relationships with supervisors are good

9. Relationships with supervisors are good | .681 |

#### Supervisors give good responses to work results

10. Supervisors give good responses to work results | .589 |

#### Pleasant working conditions

11. Pleasant working conditions | .523 |

#### A workplace that pays attention to occupational health and safety

12. A workplace that pays attention to occupational health and safety | .512 |

The results of the validity test showed that one research instrument was declared invalid, while 19 others were declared valid. The results of the reliability test stated that the research instrument was declared reliable and could be continued with regression analysis to answer the research questions. Testing is carried out using Cronbach's alpha. The Cronbach's alpha reliability of all the latent variables are more than 0.7 (\(\alpha > 0.7\)).

The results of data processing show that the t value is 2.186 with the Sig. of 0.031, which means that the research hypothesis is accepted, which means that there is a significant influence between Islamic leadership and job satisfaction. These findings support the results of previous studies conducted by Rahim (2017) and Astuti et al., (2020).

### Discussion

Islamic leadership has an impact on job satisfaction, which can also have an impact on several other aspects, such as staff turnover, employee absence rates and organizational productivity. Spiritual leadership plays an effective role in encouraging, motivating and mobilizing employees to demonstrate behaviors to achieve their vision, mission and goals. Spiritual leadership also encourages strong emotional bonds in employees to accept the goals and values of the organization,
do their best for the benefit of the organization, and have high loyalty, forming a positive work attitude towards work (Astuti et al., 2020).

Islamic leadership needs to be developed so as to spur a dynamic and interactive relationship between leaders and subordinates. Noble morals will guide leaders to be able to treat employees fairly, implement honesty in everyday life and make them as role models for employees. The leadership's knowledge is able to make him a good decision maker, even though it is taken in deliberations that involve all employees. Being patient in dealing with work and employees can be a source of high appreciation for employees and also ensures good relations between superiors and subordinates.

Leadership in Islam is centered on trust/amanah (K. Ahmad & Ogunsola, 2011), as Allah SWT says in QS 8: 27, Surat Al-Anfaal, “O you who believe, do not betray Allah and Rasul (Muhammad) and (also) do not betray the mandates entrusted to you, while you are knowing.” Amanah/mandate in carrying out their duties as a leader, by ensuring that employees feel happy to be part of the company and will continue to improve their performance and productivity.

Companies need to develop Islamic leadership strategies to ensure employee job satisfaction, so that in the end it will be able to improve company performance. Maintaining and increasing employee satisfaction is not easy because satisfaction is an individual feeling, which is influenced by various things, such as wages, work environment conditions, work itself, work relationships with colleagues and with superiors. For this reason, companies need to know which aspects of employee job satisfaction are formed.

**Conclusion**

The higher the level of employee satisfaction, the more likely they are to stay in the company and will increase their performance and productivity. As one of the factors of employee job satisfaction, leadership needs to get great attention, because it is related to the interaction and coordination patterns between leaders and employees. Islamic leadership is implemented by Muslims in management, because it is able to motivate employees. Hasil penelitian menunjukkan bahwa Islamic leadership memiliki pengaruh yang signifikan terhadap kepuasan kerja karyawan. The results showed that Islamic leadership has a significant effect on employee job satisfaction.

**References**


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