Employees’ Performance in Islamic Banking

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Abstract:

This research is a research with survey method on population. Data were taken from respondents by using research instruments.

From the research results can be seen that leadership, organizational culture, motivation and intelligence are parameters that greatly affect the performance of employees of national banks in Indonesia, which is shown by a positive influence among leadership, organizational culture, motivation and intelligence on performance.

Factors of leadership, organizational culture, motivation and intelligence have a significant effect on performance, so the national banks in Indonesia need to take this matter seriously. The management of national banks in Indonesia always needs to run the leadership and organizational culture that can increase the innovation and aggressiveness of employees, therefore it can have a positive impact on the active increase in the work environment that can certainly affect the performance.

Keywords: Leadership, organizational culture, motivation, intelligence and performance, salary, and satisfaction.

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1. Introduction

Human resource management has a very strategic position in the sustainability of the company which must become the foundation for the company in order to be able to survive, develop, and continue to innovate in an increasingly competitive era (Chipikka and Wilson, 2006). Human resources play a major role in every activity of the company. Without the support of competent and qualified human resources, the company's activities will not run well (Chiva and Delorme, 2004). Getting more aware that the existence of human resources in management is not merely as an asset, but the presence of human resources as well as a partner who together move forward to achieve the vision and mission of the company (Chiva and Alegre, 2007). This shows how important human resources in determining the success of achieving company goals.

Banking companies in carrying out their activities are in charge of providing services to customers in terms of providing financial needs solutions, in order to run well this needs to be supported by human resources with good performance (Chiva and Alegre, 2009; Thalassinos and Politis, 2011; Thalassinos, 2014; Thalassinos et al., 2015). National banking as one of the companies engaged in the banking industry absolutely needs to be supported by human resources with good performance in order to achieve the vision of the company's mission. National banking companies perform the function of commercial banks as a means of intermediation that collects public funds (funding) and lending back so as to contribute to the driving of the economy. Banking company is one of the largest companies occupying the highest position in the ranks of companies in Indonesia. In achieving its objectives, the company absolutely has qualified human resources who performs well.

Employees as human resources in the company must always be able to produce good performance in accordance with the company expectations. Organizational culture, leadership, and motivation becomes several factors that affect employee performance in achieving company goals (Twati and Gammack, 2006) state that performance is the quantity and quality of work completed by individuals, groups or organizations. Performance refers to the performance of employees measured by the standards set by the company and of course becomes a proof of one's success in carrying out a job. Success in achieving company goals depends on the performance of human resources. Companies that are able to compete in an era of competitive competition are companies that are responsive to their human resources and able to direct the achievement of well-organized human resource performance. The existence of the company in the future will get many challenges, therefore in demand to be able to develop human resources in order to produce good performance. It is very useful for the sustainability and progress of the company on an ongoing basis.

The success of the company to achieve its goals is determined by the performance of employees who are also influenced by the organizational culture embraced by all human resources in the organization or company (Tran, 2008) argued that
"organizational culture is the philosophy underlying organizational policies, And the feeling or climate brought about by the physical preparation of the organization". Culture in an organization reflects the organization's performance, positive organizational culture will show a positive image as well. Organizational culture grows and develops by being formed through the process of learning and experience. Organizational culture can evolve according to the development of the environment and the needs of the organization. Organizational culture not only as an organizational identity, but also to improve performance and develop the organization. With organizational culture it can be established synergic cooperation among the existing human resources.

Leadership is something that is absolute in an organization, because leadership is one of the determinants of direction and goals of the company that can direct and manage human resources to achieve corporate goals (Law and Gunasekaran, 2009) "leadership is a process of one's activities to move others by leading, guiding, influencing others, to do something to achieve the desired result". Leadership is able to influence people who are dominated as followers or parties who are led to do something in order to achieve certain goals. Leadership is a driver in an organization to achieve effectiveness in the implementation of tasks. The role of leadership is vital in determining the achievement of predetermined and influential goals in determining company goals, motivating behaviors which is led to achieve goals, and influencing in spurring performance. Good leadership can create pleasant conditions for subordinates in carrying out the work to produce good performance.

2. Literature Review

According to Lin (2008), management is the process of planning, organizing, directing, and supervising the efforts of members of the organization and the use of other organizational resources in order to achieve organizational goals that have been established. It can also be said that management is a science and an art, which consists of planning, organizing, directing, and supervision of the organization's performance by using resources owned to achieve organizational goals and objectives. Performance is an achievement of work, for example the achievement of turnover, efficiency, profit, etc., while the resources are inputs used to achieve certain performance, in the form of funds, human resources, technology, and raw materials (Chiva and Delorme, 2004; Hapsoro and Suryanto, 2017).

Human resources are the only resources that have a sense of feelings, desires, skills, knowledge, encouragement, power and work. All of the human resource potential affects the organization's efforts in achieving its goals. However advanced technology, information developments, the availability of capital and the adequacy of materials, if there is no human resources, it will be difficult for the organization to achieve its goals (Suryanto and Thalassinos, 2017; Keisidou et al., 2013).
Jerez-Gomez et al. (2005) state that "human resources are ready, capable, and alert employees in achieving organizational goals". High quality human resources are human resources capable of creating not only comparative value but also innovative competitive-generative value using the highest energy such as: intelligence, creativity, and imagination; No longer solely using rough energy, such as raw materials, land, water, muscle power, and so on.

Human resource management is a strategic area of the organization. It should be viewed as an extension of the traditional view of managing people effectively and therefore requires knowledge of human behavior and the ability to manage it. Human resource management is a management function related to the management of recruitment, placement, training and human resource development. Human resource management process covers various stages, namely human resource planning, recruitment, selection, training and employee development, performance appraisal, fee rewards up to termination of employment (Chiva and Alegre, 2009). Various opinions about the definition of human resource management, among others: there are creating human resources, there are interpreted as manpower management, and there are equalize with personnel (personnel, staffing, etc.).

However, in human resource management that may be appropriate is human resources management, thus simply understanding human resource management is managing human resources (Hemsworth et al., 2005). Atwood and Mora, (2010) state that human resource management can be defined as a strategic and coherent approach to managing the organization's most valuable assets, people working in organizations, individually or collectively, and contributing to the goals of the organization. Meanwhile, according to Jerez-Gomez et al. (2005) "human resource management is the empowerment, development, assessment, reward, and management of individual members of the organization or group of workers".

Meanwhile Schuler et al. (2010) defines human resource management as follows: Human resources recognize the importance of organization labor as a very important human resource in contributing to organizational goals, and using certain functions and activities to ensure that the human resources are used effectively and fairly for the benefit of individuals, organizations and communities. Each organization, including the company, sets specific goals they want to achieve in managing each of their resources, including human resources. Companies or organizations in the field of human resources certainly want to have quality human resources in the sense of meeting the competence to produce productivity and good performance so as to realize the vision and achieve corporate goals. Performance is instrumental in determining the sustainability of corporate activities. There are many factors that can affect performance, including organizational culture, leadership, and motivation. In the influence of organizational culture on performance, Chiva and Delorme (2004) said that studies have shown that an organization which changes its organizational culture can improve its performance significantly compared to organizations that do not change organizational culture.
However, not all cultural changes give results if they are not done well. In leadership relationships with Rowley's (2010) performance states that leadership plays a dominant, crucial, and critical role in overall efforts to improve work performance, at the individual level, at the group level, and at the organizational level. Meanwhile, in the influence of motivation on performance, said that motivation related to the level of effort made by someone in order to pursue a goal, motivation is closely related to satisfaction and performance. Hierarchy Theory of Maslow's Needs Koc and Ceylan, (2006), suggests that according to Maslow, there are five different groups of human needs:

a. Physiological needs (physiological needs);

b. Security needs (safety needs);

c. Social or group needs (social needs);

d. Appreciation needs (esteem needs);

e. Self actualization needs (self actualism needs).

Maslow also said those needs apply to every human being and are structured according to the hierarchy of interest. The concept of performance is an abbreviation of the kinetics of work energy which is in English equivalent with performance. According to Rowley (2010) "Performance is the output generated by functions or indicators of a job or a profession within a certain time".

Law and Gunasekaran (2009) states that "performance is the quantity and quality of work completed by individuals, groups or organizations". This means that performance consists of three components, namely quality, quantity and effectiveness. Which of these three components can not be separated from one to another. For that reason, the performance of employees can be seen from the quality, quantity and effectiveness. Meanwhile, according to Koc and Ceylan (2006) states that "performance (work performance) is the work of quality and quantity which can be achieved by an employee in carrying out his duties with the responsibility given to him".

Jyothibabu and Farooq (2010), states that "performance or work performance is the extent to which a person succeeds in completing a job called level of performance". Usually people who have high performance levels are referred to as productive people and vice versa people whose level of performance is low or does not reach the standard then can be regarded as unproductive. Based on the above exposure it can be arranged research framework as follows in Figure 1.

3. Methodology

Based on the measurement and analysis of research data, this research uses quantitative research. Quantitative research is a research whose data are expressed in numbers and analyzed by statistical techniques. This research is conducted to know and explain the influence of independent variable to dependent variable.
3.1 Data analysis

The accuracy of testing a hypothesis about the relationship of research variables depends on the quality of the data used in the test. Testing the research hypothesis will not hit the target if the data used is not reliable and does not accurately describe the concept measured. Therefore the validity test and the reliability of the instrument are tested.

3.1.1 Validity Tests

Instrument validity tests are conducted to ascertain how well the instrument is used to measure the concepts that should be measured. Validity test is needed to measure how valid or not a questionnaire is. A questionnaire is said to be valid if the question on the questionnaire is able to reveal something that will be measured by the questionnaire. Thus, the validity test shows how much of a test measures and what should be measured. The method used is the Item analysis, where each value in each question item is correlated with the total value of all questions for a variable using the formula of moment product correlation. Assessment criteria of validity test is:

a. If $r_{arithmetic} > r_{table}$ (at 5% significance level) then it can be said the item questionnaire is valid.

b. If $r_{arithmetic} < r_{table}$ (at the level of significance 5%) then it can be said the item questionnaire is not valid.

3.1.2 Reliability Test

Reliability test is to test whether the results of the questionnaire can be trusted or not. Instrument reliability testing can be done internally or externally. Internally, the reliability of the instrument can be tested by analyzing the consistency of the items in the instrument with certain techniques. Externally it can be done with retest test (stability), equivalent and the combination of both.
Calculation of reliability test in this study using analysis developed by Alpha Cronbach. Instruments have a high degree of reliability if the coefficient value obtained > 0.60 (Alegre, J. and Chiva, R. 2008. 315-326). Thus, in this study reliable if alpha count is greater than 0.60 where the following criteria:

\[ \alpha \geq 0.60 \text{ means a reliable instrument; } \]
\[ \alpha \leq 0.60 \text{ means the instrument is not reliable. } \]

3.2 Classical Assumption Testing

An important part of the statistical procedure of the model of the data is to determine how well the model is realizing goodness of fit, as well as detect possible deviation of assumptions required in the data being analyzed. For that, in this research there are three formula used (Data processed by using program of SPSS version 22) that is:

a. Normality test
To find out whether normal or near-normal, distribution data can be done by looking at a normal probability plot that compares the cumulative distribution of the actual data with the cumulative distribution of the normal distribution. Normal distribution will form a straight line diagonal, and plotting the data will be compared with the diagonal line. If the data distribution is normal, then the line representing the real data will follow its diagonal line. Whereas if the visible spots spread far around the diagonal line, then the data does not meet the assumption of normality.

b. Multicolonierity Test
Multicolonierity means the existence of a very strong linear relationship between independent variables in regression. The regression model assumes the absence of multicolonierity or the absence of a perfect correlation between one independent variable and the other independent variable. To detect the presence of multicolonierity can be done by looking at the value of correlation coefficient between independent variables, where there is a very strong correlation value (r > 0.9), then there are symptoms of multicolonierity in the regression model. To detect the presence or absence of multicolonierity, it can be done by looking at the value of Variance Inflation Factor (VIF) on each independent variable. VIF value is less than 10, then in regression model there is no symptom of multicolonierity.

c. Heterocedasticity Test
Another serious problem that may arise in multiple regression analysis is heteroscedasticity. This arises at the time of the assumption that the variance of the error factor is constant for all unfilled free variables. If the variance is not the same, it is said to occur heteroscedasticity in the regression model, it can also be used residual analysis in the form of graph with the basis of decision making in case certain patterns such as points that exist form a certain pattern, then there is heteroscedasticity or otherwise.

d. Autocorrelation Test
The multiple regression assumption test of autocorrelation is used to test whether in a linear regression model there is a correlation between the confounding error in period t with error in period t - 1 (previous).
3.3 The Research Model

To solve the problem as well as to prove whether the hypothesis accepted or rejected in this study, then it is used statistical analysis tools of multiple linear regression.

Model 1:
\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon \]

Model 2:
\[ Z_1 = \alpha + \beta Y + \varepsilon \]

Model 3:
\[ Z_2 = \alpha + \beta Y + \varepsilon \]

Where:
- \( Y \) = Performance
- \( X_1 \) = Leadership
- \( X_2 \) = Organizational culture
- \( X_3 \) = Motivation
- \( X_4 \) = Intelligence
- \( Z_1 \) = Salary
- \( Z_2 \) = Job Satisfaction
- \( \alpha \) = Constants
- \( \beta_1 \) - \( \beta_4 \) = Regression coefficient
- \( \varepsilon \) = Error limit / error factor

To measure how far the model's ability to explain variation of dependent variable by using coefficient of determination. The value of the coefficient of determination is \( 0 < R^2 < 1 \). The coefficient of determination approaching one means the independent variables provide almost all the information needed to predict the dependent variable. The use of \( R^2 \) is biased against the number of independent variables entered into the model. Each additional independent variable into the model, then \( R^2 \) must increase no matter whether the independent variable significantly or not. Unlike \( R^2 \), adjusted \( R^2 \) values can rise or fall if there are additional independent variables into the model. It is therefore desirable to use adjusted \( R^2 \) values to evaluate the best regression model.

4. Results

The result of the calculation using SPSS Version 22, the value of multiple linear regression equation between the independent variables \( X \), namely organizational culture \( (X_1) \), leadership \( (X_2) \), motivation \( (X_3) \), intelligence \( (X_4) \) and dependent variable is performance \( (Y) \). To more clearly the values of the coefficients of each variable can be seen as follows:
Model 1:
\[ Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + \varepsilon \]
\[ Y = 11.916 + 0.576X_1 + 0.086X_2 + 0.078X_3 + 0.674X_4 \]
\( t \text{ count} = (5,260) (3,159) (5,608) (4,373) (2,215) \)

The numbers contained within the brackets are the sum of the t count of each independent variable, where the leadership variables \( X_1 \), organizational culture \( X_2 \), motivation \( X_3 \) and intelligence \( X_4 \) are positive values, meaning that this variable influences significant to the performance \( Y \) and unidirectional so that if the independent variables are increased, then the value of the dependent variable will also rise or vice versa. While the value of intercept and coefficient value of each variable such as leadership \( X_1 \), organizational culture \( X_2 \), motivation \( X_3 \), intelligence \( X_4 \) and performance \( Y \) in the above equation can be described as follows:

1. Intercept: 11.916 states that if there are no leadership variables \( X_1 \), organizational culture \( X_2 \), motivation \( X_3 \), and intelligence \( X_4 \) then the performance of employees of national banks in Indonesia is 11.916 units.

2. For leadership \( X_1 \): 0.576 means that if leadership variables increase 1 unit then it will improve the performance of 0.576 units.

3. For organizational culture \( X_2 \): 0.086 means that if the organizational culture variable increases 1 unit then will improve the performance \( Y \) of 0.086 units.

4. For motivation \( X_3 \): 0.078 means that if the variable motivation increases 1 unit then will increase the performance \( Y \) of 0.078 units.

5. For intelligence \( X_4 \): 0.674 means if the variable intelligence \( X_4 \) increases 1 unit it will increase the performance \( Y \) of 0.674 units.

Model 2:
\[ Z_1 = \alpha + \beta Y + \varepsilon \]
\[ Z_1 = 12,538 + 0.674 Y \]

Intercept: 12,538 states that if there is no Performance variable then Salary employees of national banks in Indonesia is 12,538 units.

For variable salary \( X_4 \): 0.674 means if the salary variable increase 1 unit hence will increase performance equal to 0.674 unit.

Model 3:
\[ Z_2 = \alpha + \beta Y + \varepsilon \]
\[ Z_2 = 17.843 + 0.479 Y \]
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Intercept: 17.843 states that if there is no Performance variable then the satisfaction of employees of national banks in Indonesia is 17.843 units.

For the satisfaction variable (X4): 0.479 means that if the performance variable increases 1 unit then it will increase the satisfaction of 0.479 units.

5. Conclusions

So the conclusion of this research is as follows:

1. From the research results can be seen that leadership, organizational culture, motivation and intelligence are parameters that greatly affect the performance of employees of national banks in Indonesia, which is shown by a positive influence between leadership, organizational culture, motivation and intelligence on performance.

2. Given the factors of leadership, organizational culture, motivation and intelligence have a significant effect on performance, then the national banks in Indonesia need to address this seriously.

3. The management of national banks in Indonesia always needs to carry out leadership and organizational culture that can increase the innovation and aggressiveness of employees so that it can have a positive impact on the occurrence of an active increase in the work environment that can certainly affect the performance.

4. In terms of leadership, has been able to motivate subordinates and can establish positive work and become a role model for employees so that it will spur employees to improve performance.

5. Employee motivation becomes a boost for employees in carrying out their duties and responsibilities, therefore salary and job satisfaction increase. Thus high motivation will be able to improve performance achievement for banking company in Indonesia.

References:


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