

# THE INFLUENCE OF SPIRITUAL LEADERSHIP ON EMPLOYEE PERFORMANCE IN SHARIA BANKS: QUALITY OF WORK LIFE (QWL) AND JOB SATISFACTION AS A MEDIATOR

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## ABSTRACT

*Keywords:*

Spiritual leadership; Quality of work life; Job satisfaction; Employee performance; Shariah banking.

The performance of sharia banking in Indonesia has decreased during the Covid-19 pandemic. Moreover, the Covid-19 pandemic situation can increase mental and emotional pressure on employees at the office, as well as in Sharia banking. Therefore, it is necessary to increase leadership that is based on principles Islamic ethics in the context of Sharia banking to improve employee performance. This research aims to analyze banking performance Sharia in Indonesia through the development of spiritual leadership based on principles Islam, and also to examine the mediating role of quality of work life (QWL) and employee satisfaction. Research that examines the influence of spiritual leadership on employee performance, especially using the four pillars of Islamic principles, such as: Truthfulness (Al-Sidq); Trust (Trust); Communication (Tabligh); Knowledge (Fathonah) is still limited in the



Shariah Bank context. A quantitative approach with a survey design was used to collect data from 1.131 Shariah Bank employees. The data analysis technique used structural equation modeling with partial least squares (SEM-PLS). Spiritual leadership has a significant effect on the quality of work life (QWL), job satisfaction and employee performance. In addition, QWL and job satisfaction mediate the effect of spiritual leadership on employee performance. Sharia banking can implement spiritual leadership to improve employee performance, especially in Indonesia after the Covid-19 pandemic. This research fills the literature gap by explaining the relationship between spiritual leadership, creativity, quality of work life, job satisfaction, and employee performance in the context of Shariah Banking in Indonesia.

#### ABSTRAK

*Kata Kunci:*

*Spiritual leadership; Quality of work life (QWL); Kepuasan kerja; Kinerja Karyawan; Perbankan Syariah.*

Kinerja perbankan syariah di Indonesia mengalami penurunan selama masa pandemi Covid-19. Terlebih lagi, situasi pandemi Covid-19 dapat meningkatkan tekanan mental dan emosional pada karyawan di kantor, maupun di perbankan syariah. Oleh karena itu, perlu adanya peningkatan kepemimpinan yang berlandaskan pada prinsip etika Islam dalam konteks perbankan syariah untuk meningkatkan kinerja karyawan. Penelitian ini bertujuan untuk menganalisis kinerja perbankan syariah di Indonesia melalui pengembangan *spiritual leadership* yang berlandaskan pada prinsip Islam, dan juga untuk mengkaji peran mediasi *quality of work life (QWL)* dan kepuasan karyawan. Penelitian yang mengkaji pengaruh *spiritual leadership* terhadap kinerja karyawan, khususnya dengan menggunakan empat pilar prinsip Islam, seperti: Kejujuran (Al-Sidq); Kepercayaan (Amanah); Komunikasi (Tabligh); Pengetahuan (Fathonah) masih terbatas dalam konteks Bank Syariah. Pendekatan kuantitatif dengan desain survei digunakan untuk mengumpulkan data

dari 1.131 karyawan Bank Syariah. Teknik analisis data menggunakan pemodelan persamaan struktural dengan SEM-PLS. *Spiritual leadership* memiliki pengaruh yang signifikan terhadap QWL, kepuasan kerja, dan kinerja karyawan. Selain itu, QWL dan kepuasan kerja memediasi pengaruh *spiritual leadership* terhadap kinerja karyawan. Perbankan syariah dapat menerapkan *spiritual leadership* untuk meningkatkan kinerja karyawan, khususnya di Indonesia pasca pandemi Covid-19. Penelitian ini mengisi kesenjangan literatur dengan menjelaskan hubungan antara *spiritual leadership*, kreativitas, QWL, kepuasan kerja, dan kinerja karyawan dalam konteks Perbankan Syariah di Indonesia.

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## Introduction

The success or failure of an organization has increased as a result of increasingly competitive business competition and the need to adapt quickly to a changing work environment. In this case, employee performance is an important factor that must be owned by the company (Al Zeer et al., 2023). Good employee performance is considered a direct contribution to achieving company goals, including financial goals and business growth. Employees who perform well can increase the efficiency and productivity of processes in the organization (Ahmad et al., 2015).

Many previous studies focus on employee performance, they argue that leadership plays an important role in improving employee performance (Pawirosumarto et al., 2017). Several previous researchers have proven that employee performance can be improved through transformational and transactional leadership (Lee et al., 2023; Qalati et al., 2022); transglobal leadership (Pujiono et al., 2020); authentic leadership (Shahid & Muchiri,

2019); inclusive leadership (Srimulyani et al., 2023; Siyal et al., 2023). However, there is still little research that examines the influence of spiritual leadership on employee performance.

Spiritual leadership is a recently emerging area of research (Sholikhah et al., 2019). In the 21st century, as spiritual awareness increases in almost all fields, top executives, managers, and even employees have begun to seek spirituality in their workplaces and seek to express it in various ways (Wahyono et al., 2020). Spiritual leadership is recognized as a more focused approach paying attention to employees' spiritual needs and how they see value (Chen et al., 2012). According to Fry et al. (2017) spiritual leadership as the values, attitudes, and behaviors necessary to motivate oneself and others intrinsically so that they have a sense of spiritual well-being through calling and membership. Therefore, this is the reason that encourages companies to adopt spiritual leadership in improving employee performance (Wahyono et al., 2020).

Application of spiritual leadership in various types of companies (Wahyono et al., 2020), including Sharia banking in Indonesia. The establishment of Sharia banking in Indonesia was based on the belief that a financial system based on Sharia principles could provide an alternative that was in line with Islamic values and norms. The establishment of this bank has potential because Indonesia is a country with the largest Muslim population in the world and reaches 86.9% of the total population (BPS Indonesia, 2022). However, the problems that occurred with Sharia banks were regarding banking performance which experienced a significant contraction during Covid 19. Data Otoritas Jasa Keuangan (OJK) Indonesia (2022) reported that the company's performance in 2020 experienced a decline compared to the previous year, such as financing distribution decreased by 2.93%; growth in

the number of physical offices decreased by 2.43%, while party fundraising experienced stagnation.

The Covid 19 situation can increase mental and emotional stress on employees at work (Oruh et al., 2021). Employees face higher work demands to understand and adapt Islamic financial products and services to changing economic conditions. This situation encourages increased leadership that is more effective than before (Rosinha et al., 2017). Sharia banking has Islamic ethical principles in its business. Spiritual leadership can strengthen these values and ensure that business decisions are taken with moral and ethical aspects in mind (Islam et al., 2023). For example, fairness, honesty and integrity in making decisions and interacting with other people (Usman et al., 2021). These concepts encourage employees to perform well both in their work and outside their work (Jain, 2023). However, spiritual leadership is still very new, and research examining the potential outcomes that spiritual leadership can produce is not yet empirical enough. This suggests that investigations into the potential outcomes of spiritual leadership must be conducted from multiple perspectives. Therefore, to expand the reach of spiritual leadership, we consider four aspects, namely: employee performance as a result of spiritual leadership, as well as Quality of Work Life (QWL) and job satisfaction as mediating variables.

Responding to this condition, we hope that spiritual leadership can integrate qualities that are fundamental to Islamic principles which provide the potential to improve comprehensive Sharia banking performance post-Covid-19 in Islamic teachings through the development of spiritual leadership. However, interestingly, the spiritual leadership that we apply uses four pillars which are Islamic principles, such as: Truthfulness (Al-Sidq); Trust (Amanah); Communication (Tabligh); Knowledge (Fathonah), and is

different from several previous researchers which are still general in nature with three pillars, such as: vision, hope or faith, and altruistic love (Jain, 2023; Jeon & Choi, 2020; Wahid & Mohd. Mustamil, 2017; Salehzadeh et al., 2015). This research aims to investigate the performance of Sharia banking in Indonesia through the development of spiritual leadership based on Islamic principles to build consensus on the claims above. Therefore, it is hoped that this research will contribute to the application of spiritual leadership which can help in improving the performance of Sharia banking, especially in post-Covid 19 Indonesia.

## **Theoretical background**

### **The concepts of spiritual leadership**

In the late 1990s and early 2000s, spiritual leadership approaches emerged in response to problems such as low job security and employee loss (Rajablou et al., 2014). This shows a shift from more traditional leadership approaches that may focus more on financial results or productivity alone to spiritual leadership (Fairholm, 1996). Fry (2003) plays an important role in revitalizing spiritual leadership. Spiritual leadership is considered a leadership approach that focuses more on spirit and values (Fry et al., 2005). As a person who has the highest influence on other people in an organization, a leader plays an important role in improving the spiritual values of his followers (Sholikhah et al., 2019).

Spiritual leadership consists of the attitudes, values, and behaviors necessary to intrinsically motivate oneself and others so that leaders and followers can achieve higher spiritual well-being (Wahyono et al., 2020). One way is to help them find value and meaning in their work and fulfill their natural spiritual needs (Fry et al., 2005). Those who know and understand

spiritual principles can demonstrate a more spiritual life (Pio & Lengkong, 2020). Leadership is not only limited to aspects of formal duties and responsibilities, but also includes spiritual dimensions and values that motivate and inspire the people around them (Fry, 2003). Leaders who can be role models in spiritual values will inspire their followers to adopt similar attitudes and principles. Exemplary practice of values such as integrity, honesty and empathy can form a positive organizational culture.

### **Spiritual leadership and Job Performance**

Spiritual leadership differentiates itself from other leadership concepts by emphasizing aspects such as vision, altruistic love, and hope and faith (Fry, 2003). These concepts encourage employees to do the things they do, which show their performance in their role and in other roles is positive (Jain, 2023). Employees who feel connected to noble values or shared goals that have meaning to them tend to be more motivated to improve work performance. Previous findings show that spiritual leadership has a positive influence on employee performance (Islam et al., 2023; Pio, 2022; Udin, 2019). Referring to this, the research hypothesis is as follows.

H1: Spiritual leadership has a positive effect on Job Performance

### **Spiritual leadership, Quality of Work Life (QWL) and Job Satisfaction**

Spiritual leadership is thought to increase QWL and satisfaction because this approach emphasizes broader aspects of life and work, including spiritual values and personal well-being (Fry, 2003). Fostering spiritual values and personal well-being can have a positive impact on employee life balance and improve overall quality of life and job satisfaction. Several previous findings show that spiritual leadership can significantly increase QWL and job satisfaction for employees (Pio, 2022; Wahyono et al., 2020; Pio & Lengkong,

2020; Pio & Tampi, 2018). Referring to this, the research hypothesis is as follows.

H2: Spiritual leadership has a positive effect on QWL

H3: Spiritual leadership has a positive effect on Job Satisfaction

### **Quality of Work Life (QWL), Job Satisfaction and Job Performance**

QWL is a management philosophy that changes company culture and improves the physical and emotional state of employees (Ivancevich et al., 2013). Employees who see opportunities for personal and professional development tend to be more satisfied and have greater motivation to improve their performance. Previous findings have proven that QWL has an effect on increasing job satisfaction and employee performance (Pio & Lengkon, 2020; Pio & Tampi, 2018). Referring to this, the research hypothesis is as follows.

H4: QWL has a positive effect on Job Satisfaction

H5: QWL has a positive effect on Job Performance

### **Job Satisfaction and Job Performance**

Job satisfaction can be a company benchmark to find out how productive its employees are and as an organizational indicator to find out how loyal its employees are (Egenius *et al.*, 2020). In this case, job satisfaction can increase employee motivation to make maximum contributions to work. Employees who feel satisfied tend to be more committed to their tasks and strive to achieve effective employee performance (Dessler, 2014). Previous research found that employee performance can be improved (Wahjoedi 2021; Malau & Kasmir 2021; Sapada et al., 2017). Referring to this, the research hypothesis is as follows.

H6: Job Satisfaction has a positive effect on Job Performance



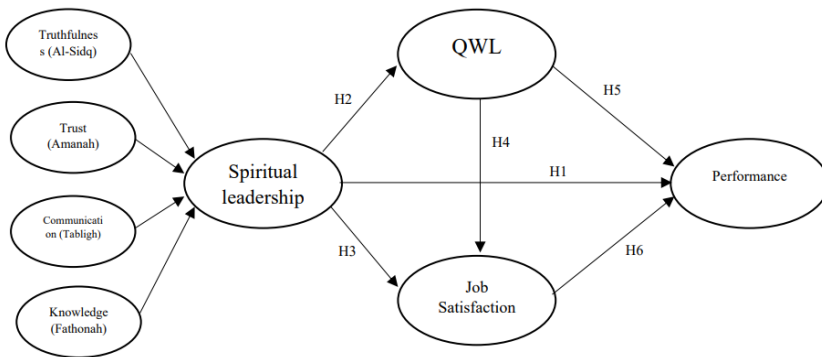
**QWL and Job Satisfaction mediate the influence of Spiritual leadership on Company Performance**

The concept of spiritual leadership is related to leadership methods that pay attention to and integrate spiritual values in the organizational context (Fry, 2003). Spiritual leadership views that leaders who have spiritual wisdom can guide and motivate their teams in a more effective way to create a more positive work environment (Fry et al., 2005). In this case, spiritual leadership can help create more satisfying working conditions and increase QWL which can influence better employee performance. Previous findings prove that spiritual leadership can help improve employee performance through QWL and job satisfaction (Pio & Lengkong, 2020). Referring to this, the research hypothesis is as follows.

H7: Spiritual leadership has a positive effect on Job Performance through QWL

H8: Spiritual leadership has a positive effect on Job Performance through Job Satisfaction

**Figure 1. The Conceptual Framework**



**Method**

This research is a type of causality research to test cause and effect by

using two or more influences between variables. The research was conducted at Sharia commercial banks in Indonesia. The research sample was obtained using certain criteria with two stages in sampling. In the first stage, researchers focused on national-scale Sharia commercial banks that have a minimum of 20 branch offices. The sampling in this first stage was based on knowing the influence of spiritual leadership in improving banking performance in each branch office during post-Covid 19. The data was obtained from the Sharia Banking Statistics Report published by the Indonesian Financial Services Authority. Researchers obtained 3 Sharia commercial banks that met the first criteria from 13 Sharia commercial banks, namely: PT. Bank Syariah Indonesia, Tbk (154 Branch Offices); PT. Bank Muamalat Indonesia (80 Branch Offices); and PT. Bank Mega Syariah (30 Branch Offices). Meanwhile PT. Bank Aceh Syariah (27 Branch Offices) and PT BPD Riau Kepri Syariah (21 Branch Offices) although they have more than 20 Branch Offices, these banks are provincial in scope.

In the second stage, the researcher contacted the personnel department at each branch office by telephone to confirm the research plan and management's willingness to distribute questionnaires to 10 employees from each branch. There were 176 branch offices (67.4%) that were willing to carry out research from 264 branch offices. In distributing the questionnaires, researchers set certain criteria for respondents, namely employees who were  $\geq 20$  years old and had worked for at least  $\geq 5$  years or had at least worked during the pandemic. We obtained responses from 1131 respondents who met the sample criteria from 178 branch offices. The following is sample data that meets the research criteria.

**Table 1. Research sample data that meets the sample criteria**

Numb	Sharia Commercial Bank	Number of Branch Offices	Number of Branch Offices	Number of Respondents Who Meet the
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		Responding	Criteria	
1	PT. Bank Syariah Indonesia, Tbk	154	96	584
2	PT. Bank Muamalat Indonesia	80	59	392
3	PT. Bank Mega Syariah	30	23	155
<b>Total</b>		<b>264</b>	<b>178</b>	<b>1131</b>

This research was tested through the Smart PLS Program. The first stage in the outer model evaluation is to evaluate the suitability of the instrument using three testing methods, namely: convergent validity, composite reliability, and discriminant validity. The second stage is evaluating the inner model to evaluate the feasibility of the structural model using three methods, namely: R Square ( $R^2$ ), Q Square ( $Q^2$ ), and Goodness of Fit (GoF). Finally, namely the structural model test to analyze the influence between the variables studied and prove the proposed hypothesis which is carried out in a multivariate manner using smart PLS. The criteria used are P-Value  $\leq 0.05$ , so the research hypothesis is supported (Hair et al., 2014).

**Table 2. Measurements**

Variable	Dimension/ Indicator	Item	Research statement	Source
Spiritual Leadership	Truthfulness (Al-Sidq)	TRU1	Leaders maintain commitments	(Islam et al., 2023)
		TRU2	Leaders maintain integrity	
		TRU3	Leaders provide honest and transparent information	
	Trust (Amanah)	TRS1	Leaders carry out their duties and responsibilities well	
		TRS2	The leader becomes a trustworthy and reliable figure	
		TRS3	Leadership makes good decisions	
	Communication (Tabligh)	COM1	Leaders have good communication skills to understand the needs and aspirations of subordinates	
		COM2	Leaders are able to communicate the company's vision, mission and goals well	
		COM3	Leaders order tasks according to the responsibilities of subordinates	
		Knowledge (Fathonah)	KNO1	
KNO2	Leaders guide subordinates towards spiritual growth			
KNO3	Leaders has knowledge of how to achieve goals in accordance with religious principles			
Quality of Work Life (QWL)	Pay and benefits	QWL1	I am satisfied with the organization's efficiency plan facilities	(Zaman & Ansari, 2022)
	Working	QWL2	Safe and comfortable work environment	

Variable	Dimension/ Indicator	Item	Research statement	Source
Job Satisfaction	Supervision	conditions		(Pio, 2022)
		QWL3	Leaders encourage subordinates to do the best of their abilities	
	Intra-group relations	QWL4	Colleagues are very cooperative	
	Training	QWL5	The company provides training and education programs to improve capabilities according to areas of expertise	
	Salary	SAT1	My salary and benefits are commensurate with my workload	
Job Performance	Promotion	SAT2	The company offers fair promotion and career development opportunities	(Lee et al., 2023)
	Work Group Supervisor	SAT3	I can work in a team well	
		SAT4	Leaders provide good support and guidance	
	The Job Itse	SAT5	Leaders assign work according to ability	
	Contextual performance	Task performance	PER1	
PER2			I take the initiative to solve problems at work	
PER3			Even though my boss is not there, I still work hard	
Task performance		PER4	I look forward to a challenging assignment	
		PER5	I think I am quite productive at work	
		PER6	Overall, I have the ability to complete the tasks given by the company well	

## Results

### Demographic characteristics of the participants

Respondents who met the research sample criteria were 1131 respondents who were employees of three Sharia commercial banks, such as: PT. Bank Syariah Indonesia, Tbk; PT. Bank Muamalat Indonesia; and PT. Bank Mega Syariah. Table 3. Provides information that employees are dominated by male employees (672 respondents; 50.4%), most of whom have worked between 11 years and 15 years (566 respondents; 50.0%) with a Bachelor's degree (704 respondents; 62.2%). Most of these employees were aged between 31 years and 40 years (461 respondents; 40.8%).

**Table 3. Demographic characteristics of the participants (n=1131)**

Demographic variable	Categories	Freq (%)	Demographic variable	Categories	Freq (%)
Gender	Male	459 (40.6)	Educational level	Medium level	214 (18.9)
	Female	672 (59.4)		Bachelor	704 (62.2)

Demographic variable	Categories	Freq (%)	Demographic variable	Categories	Freq (%)
Experience	5-10 years	269 (23.8)	Age	Postgraduate	213 (18.8)
	11-15 years	566 (50.0)		20-30 years	343 (30.3)
	16-20 years	242 (21.4)		31-40 years	461 (40.8)
	Above 20 years	54 (4.8)		41-50 years	186 (16.4)
Over 50 years				141 (12.5)	

**Outer Model Evaluation**

Evaluation of the outer model is carried out in two stages. The first stage uses the First Order Confirmatory Factor Analysis approach with reflective indicators using three stages of testing, such as: uji convergent validity (factor loading  $\geq 0.70$ ), composite reliability (cronbach alpha  $\geq 0.70$ /  $\rho_c \geq 0.70$ ), and discriminant validity ( $AVE \geq 0.50$ ) follow recommendations from Hair et al. (2014). The spiritual leadership variable was not measured because it is multidimensional, so this variable was measured individually. Table 4 finds that it meets these criteria. The factor's loading value for each item exceeds 0.50 and these results have met the convergent validity criteria. Cronbach's alpha value and  $\rho_c$  each exceeds the threshold of 0.70, thus meeting the composite reliability criteria. Meanwhile, the AVE value is greater than 0.50, which means the data meets the discriminant validity criteria.

**Table 4. Evaluation of Outer Model Through First Order Confirmatory Factor Analysis**

Constructs	Item's	Factors loading	Cronbach's Alpha	$\rho_c$	AVE	Results
Truthfulness (Al-Sidq)	TRU1	0.870	0.830	0.898	0.746	Valid & Reliable
	TRU2	0.843				
	TRU3	0.877				
Trust (Amanah)	TRS1	0.800	0.825	0.896	0.742	Valid & Reliable
	TRS2	0.918				
	TRS3	0.861				
Communication (Tabligh)	COM1	0.934	0.921	0.950	0.864	Valid & Reliable
	COM2	0.950				
	COM3	0.904				
Knowledge	KNO1	0.915	0.835	0.902	0.754	Valid &

Constructs	Item's	Factors loading	Cronbach's Alpha	$\rho_c$	AVE	Results
(Fathonah)	KNO2	0.888				Reliable
	KNO3	0.797				
QWL	QWL1	0.778	0.883	0.914	0.681	Valid & Reliable
	QWL2	0.824				
	QWL3	0.846				
	QWL4	0.838				
	QWL5	0.837				
Job Satisfaction	SAT1	0.863	0.947	0.959	0.825	Valid & Reliable
	SAT2	0.921				
	SAT3	0.943				
	SAT4	0.906				
	SAT5	0.906				
Job Performance	PER1	0.800	0.912	0.932	0.695	Valid & Reliable
	PER2	0.855				
	PER3	0.835				
	PER4	0.870				
	PER5	0.770				
	PER6	0.866				

The first stage uses the Second Order Confirmatory Factor Analysis approach. This evaluation was carried out to determine the correlation of the latent construct, namely spiritual leadership, to its dimensional constructs. Table 5 shows that each item has a factors loading value above 0.70, and there are several items whose value is less than 0.70 but still above 0.50, so they are considered to still meet the convergent validity criteria. We found that the Cronbach's alpha,  $\rho_c$  and AVE values met these criteria. Referring to this evaluation shows that this research data is declared valid and reliable.

**Table 5. Evaluation of Outer Model Through Second Order Confirmatory Factor Analysis**

Constructs	Item's	Factors loading	Cronbach's Alpha	$\rho_c$	AVE	Results
Truthfulness	TRU1	0.682				
(Al-Sidq)	TRU2	0.623				
	TRU3	0.708				
Trust (Amanah)	TRS1	0.580	0.912	0.926	0.511	Valid & Reliable
	TRS2	0.744				
	TRS3	0.720				
Communication	COM1	0.789				
(Tabligh)	COM2	0.790				

Constructs	Item's	Factors loading	Cronbach's Alpha	$\rho_c$	AVE	Results
Knowledge (Fathonah)	COM3	0.736				
	KNO1	0.745				
	KNO2	0.748				
	KNO3	0.685				

### Inner Model Evaluation

Inner model evaluation is used to understand the extent to which the proposed conceptual model matches the empirical data that has been collected using three approaches, such as:  $R^2$ ,  $Q^2$ , and GoF. Table 6 finds the  $R^2$  value in the three research models, namely job satisfaction and QWL in the moderate category, while job performance is in the strong category. The  $Q^2$  value for the three models shows that it is in the strong category, while the GoF evaluation results show that it is included in the strong criteria, which means this research model has met the research model criteria.

**Table 6. Inner Model Evaluation**

Model	$R^2$	$Q^2$	GoF
Job Performance	0.762 (strong)	0.525 (strong)	0.719 (strong)
Job Satisfaction	0.600 (moderate)	0.491 (strong)	0.635 (strong)
QWL	0.569 (moderate)	0.381 (strong)	0.582 (strong)

### Structural model

Hypothesis testing is carried out directly and indirectly through mediating variables. This test was carried out using Smart PLS. The assessment uses the P-Value value criteria  $\leq 0.05$ . Table 7 finds that Spiritual Leadership  $\rightarrow$  Job Performance ( $\beta=0.725$ ,  $P < 0.05$ ); Spiritual Leadership  $\rightarrow$  QWL ( $\beta=0.754$ ,  $P < 0.05$ ); Spiritual Leadership  $\rightarrow$  Job Satisfaction ( $\beta=0.505$ ,  $P < 0.05$ ); QWL  $\rightarrow$  Job Performance ( $\beta=0.093$ ,  $P < 0.05$ ); QWL  $\rightarrow$  Job Satisfaction ( $\beta=0.319$ ,  $P < 0.05$ ); and Job Satisfaction  $\rightarrow$  Job Performance ( $\beta=0.269$ ,  $P < 0.05$ ) which means that supports H1-H6. In this research, we use two mediating variables, such as QWL and Job Satisfaction to act as a link between Spiritual

Leadership and Job Performance. We found that Spiritual Leadership -> QWL -> Job Performance ( $\beta=0.070$ ,  $P < 0.05$ ); and Spiritual Leadership -> Job Satisfaction -> Job Performance ( $\beta=0.136$ ,  $P < 0.05$ ). This means that it can be concluded that QWL and Job Satisfaction can mediate these two variables, thus supporting H7 and H8.

**Table 7. Direct and indirect relationships**

Relationship	$\beta$	T Stat	P-Value	Results
Spiritual Leadership -> Job Performance	0.725	19.964	0.000	H1 accepted
Spiritual Leadership -> QWL	0.754	47.245	0.000	H2 accepted
Spiritual Leadership -> Job Satisfaction	0.505	12.561	0.000	H3 accepted
QWL -> Job Performance	0.093	2.780	0.006	H4 accepted
QWL -> Job Satisfaction	0.319	7.279	0.000	H5 accepted
Job Satisfaction -> Job Performance	0.269	9.715	0.000	H6 accepted
Spiritual Leadership -> QWL -> Job Performance	0.070	2.763	0.006	H7 accepted
Spiritual Leadership -> Job Satisfaction -> Job Performance	0.136	7.607	0.000	H8 accepted

## Discussion

This research aims to analyze the influence of spiritual leadership on employee performance in Sharia banking in Indonesia. This research was developed by exploring the possible mediating role of QWL and employee satisfaction in this process. First, this research finds that spiritual leadership can significantly influence employee performance. This research shows that leaders have understood and applied Islamic principles, namely: *al-sidq*, *amanah*, *tabligh* and *fathonah* in daily decision making and leadership. Leaders who practice these four factors usually engage more personally with employees, provide emotional support, and encourage personal and professional development. The alignment of these values can provide a strong foundation for a positive influence on employee performance (Islam et al., 2023). These findings are supported by findings Pio (2022); Udin (2019) that employee performance can be improved through leaders who apply spiritual leadership. Latest research by Islam et al. (2023) shows that spiritual



leadership has a significant effect on improving employee performance.

Second, we found that spiritual leadership has a significant effect on QWL and job satisfaction. Spiritual leaders demonstrating Islamic values, such as al-sidq, amanah, tabligh and fathonah can create qualities that produce motivational capital for themselves and their followers. Leaders who pay attention to individual development can motivate themselves and their followers (Sholikhah et al., 2019), so that it can improve QWL and increase employee satisfaction (Pio, 2022; Wahyono et al., 2020). Third, QWL and job satisfaction are key factors that influence the performance of Sharia banking employees in Indonesia. QWL and high job satisfaction can increase employee motivation for high performance. High involvement in their work will encourage them to make maximum contributions. In line with findings by Pio & Lengkong (2020) that employee performance can be improved by QWL (Pio & Lengkong, 2020), and job satisfaction (Wahjoedi 2021; Malau & Kasmir 2021).

Finally, QWL and satisfaction are proven to mediate the influence of spiritual leadership on employee performance because both play an important role in linking spiritual leadership style with performance outcomes. Spiritual leaders create supportive working conditions, provide meaning in work, and increase satisfaction, which together contribute to improved overall performance. This finding is in line with the results of research by Pio & Lengkong (2020) that QWL and job satisfaction are mediators that bridge spiritual leadership and employee performance.

## Conclusion

The results of this research refine the spiritual leadership theory adopted by Islam et al. (2023) by emphasizing the principles of al-sidq, amanah, tabligh

and fathonah in improving employee performance in Sharia banking in Indonesia. Sharia banking really needs leaders who understand and apply spiritual leadership behavior because it has been proven to increase QWL, job satisfaction and employee performance. In the context of Sharia banking, leaders who apply these principles will be more in line with the Sharia legal and ethical framework, creating compatibility and compliance with Islamic values. Principles such as al-sidq (honesty) and amanah (trustworthiness) are essential in building trust and credibility. Leaders who are considered honest, trustworthy, and responsible will be better able to lead effectively, create good relationships with subordinates, and get support to achieve common goals. By applying these principles, spiritual leaders can create working conditions that support QWL and increase job satisfaction, thereby indirectly having a significant impact on improving employee performance.

Even though the methodology of this research is very strict, this research still has limitations. First, researchers have distributed it to branch offices, but there are still several branch offices that have not responded to messages regarding licensing and distributing questionnaires. Therefore, further research needs to be carried out intensively to obtain research permission. Second, this research was only conducted in the context of large-scale Sharia banking, so the results of this research can only be generalized to that bank. Therefore, analyzing spiritual leadership in small-scale Sharia banks needs to be carried out for further research to identify the role of spiritual leadership in improving employee performance. Finally, this study did not classify leaders based on gender. Of course, the spiritual leadership styles of men and women are different. Therefore, further research needs to be developed by dividing by gender to determine the effectiveness of implementing spiritual leadership styles in each branch office.

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