

Linking Faith Based Culture and Managerial Skills to Financial Performance: Evidence from Islamic Banks

Hendrik Tri Oktaviansyah ¹, Bayu Wijyantini ^{2*}, Alfi Arif ¹, Robby Reza Zulfikri ¹, Taufik Sobri ³, Husam A. Y. Abusaada ⁴

¹Jember University,

²Muhammadiyah Jember University,

³Mahakarya Asia University,

⁴Al-Azhar University, Palestine,

DOI: <https://doi.org/10.47134/trilogi.v5i1.1700>

*Correspondensi: Bayu Wijyantini

Email: bayu@unnuhjember.ac.id



Copyright: © 2025 by the authors. Submitted for possible open access publication under the terms and conditions of the Creative Commons Attribution (CC BY) license (<http://creativecommons.org/licenses/by/4.0/>).

Abstract: The growth of Islamic banking in Indonesia reflects the increasing demand for financial systems that align with faith-based values and ethical management practices. Within this context, the success of Islamic banks depends not only on financial instruments but also on how Islamic culture and managerial capability shape employee motivation and performance. This study aims to examine the influence of Islamic organizational culture and managerial capability on financial performance, with work motivation as a mediating variable. A quantitative method was employed using primary data collected from 80 employees of Bank Syariah Indonesia (BSI). The data were analyzed using Partial Least Squares Structural Equation

Modeling (PLS-SEM) to test direct and indirect relationships among the variables. The results reveal that Islamic organizational culture and managerial capability significantly enhance employee motivation, improving performance and strengthening the bank's financial outcomes. Work motivation partially mediates the relationships between Islamic values, managerial competence, and financial performance. This study emphasizes the need for Islamic banks to integrate faith-based culture with managerial excellence to build motivated, ethical, and high-performing employees. The findings contribute to Islamic finance scholarship by demonstrating that spiritual and behavioral dimensions within organizations can yield.

Keywords: Financial performance, Islamic Bank, Islamic culture, Managerial capability, Work motivation

Introduction

Sharia banking, as a banking system based on Islamic law, serves as a source of economic growth and funding aimed at community development that avoids usury and is intended to mobilize resources to build a fair and equitable economy in Indonesia (Asad, 2011, p. 13; Nengseh, 2015, p. 9). The Indonesian Central Bank has given Islamic banking its full attention since it is considered to deliver benefits that will affect economic growth and be increasingly beneficial in line with the needs of the society. (Alamsyah, 2015, p. 2; Sukardi, 2012; Raharjo, 2011, p. 6)

Bank Syariah Indonesia is a merger of three Islamic banks that play an important role or act as facilitators in national economic development. With the increasing number of Islamic financial institutions, they must be able to compete with other Islamic financial institutions. To achieve organizational goals, companies must implement certain functions, including internal functions such as the role of employees. This study aims to analyze the influence of spiritual leadership on employee performance and Islamic work motivation as a mediating variable between spiritual leadership and employee performance at Bank Syariah Indonesia (BSI) KC. Bondowoso.

Islamic culture is necessary as a distinctive feature of banking, differentiating conventional banking from Islamic banking. A strong Islamic culture will enhance employee consistency in banking development. Every bank has a different culture that distinguishes it from others. Organizational culture plays a crucial role in banking; if a bank's culture is strong, it will stabilize the organization. Conversely, if the culture is weak, it will lead to a decline in performance and organizational instability (Rosenzwing, 2003). It is not only Islamic culture that influences employee performance. One of the challenges Islamic banks face is how to make employees work efficiently. Employees are required to carry out their duties depending on their talents and capabilities. , but in reality, not all employees possess the skills and abilities the bank requires. Employees can work efficiently if they are capable, skilled, and have a high work ethic.

Bank Syariah Indonesia is often regarded as the principal financial institution in Indonesia, resulting from a merger of three state-owned banks based on Islamic principles: BRI Syariah, BNI Syariah, and Mandiri Syariah. This study focuses on BSI. The researcher chose this object of study because BSI has experienced rapid growth in terms of membership and assets. The development of Bank Syariah Indonesia's assets from year to year has experienced a relatively rapid increase. Figure 1.1 below explains this:

Figure 1.1 BSI Asset Development for 2017-2020



Source: Annual Report BSI 2021

Management skills are also one of the skills that Islamic Bank employees must possess, and an entrepreneur's management skills are determined by their entrepreneurial orientation, which includes innovation, bold decision-making, and proactivity (Gurbuz and Aykol, 2009). According to Wai and Kuan (2011), the key to entrepreneurship is how decisions are made accurately through various calculations and considerations. Solid management is the key to success. Therefore, management needs to be improved to enhance the performance of Islamic banks.

Work motivation is also an important factor to consider in improving employee performance by providing the internal drive within an individual to engage in specific activities to achieve certain goals (Hamzah & Uno, 2017). Work motivation arises because goals must be achieved, so motivation can lead to activities that must be carried out to support those goals. High work motivation among Islamic Bank employees will directly have a positive impact on organizational performance, both in terms of financial achievement, service quality, and compliance with Islamic principles. Therefore, Islamic Banks must seriously consider managing employee work motivation to ensure optimal performance.

Empirical studies support these linkages. Aziz and Shofawati (2015) and Radyasmita and Suryaningsih (2022) found that Islamic culture positively influences work motivation. Similarly, Wijyantini and Safitri (2022) as well as Sekhar et al. (2013) highlighted that effective management capability enhances employee motivation and organizational performance. Fadhlurrohman and Mas'ud (2022) further confirmed that Islamic values significantly shape employee behavior, while Murtalingtyas et al. (2023) emphasized the role of managerial skill development in driving motivation and performance. Despite these findings, existing research has often examined these factors separately rather than as an integrated behavioral-finance model within Islamic banking institutions.

Building upon Attribution Theory (Heider, 1958), which explains how individuals interpret the causes of behavior, and the ERG Theory (Hasibuan, 2001), which categorizes human needs into existence, relatedness, and growth, this study proposes a comprehensive model linking Islamic organizational culture, managerial capability, and work motivation to employee performance.

In light of the literature, a research gap remains in understanding how faith-based organizational culture and managerial capability jointly influence employee performance through work motivation within the setting of Indonesia's Islamic banks. Therefore, this study aims to examine these relationships empirically using data from Bank Syariah Indonesia. The findings are expected to strengthen theoretical perspectives in Islamic management and provide practical implications for improving human resource and financial performance in Islamic banking institutions.

Methods

This study employed a quantitative research design to examine the relationship between Islamic organizational culture, managerial capability, work motivation, and

employee performance in the context of Islamic banking. The data used were primary data, obtained directly from respondents who are employees of Bank Syariah Indonesia (BSI) in Bondowoso Branch.

Sampling Method and Respondent Characteristics

The sampling technique used in this study was purposive sampling, chosen to ensure that respondents possessed relevant experience and understanding of Islamic banking operations. A total of 80 respondents participated, consisting of managerial and non-managerial employees who had worked for at least one year at BSI. This criterion was set to ensure adequate exposure to the organizational culture and managerial systems of the bank. Respondent demographics included gender, age group, length of service, and job position, which were analyzed descriptively to provide context for the findings.

Constructs and Indicators

Four main constructs were examined:

1. Islamic Organizational Culture (X1) – measured through indicators such as social ethics, togetherness, and Islamic scholarship.
2. Managerial Capability (X2) – measured through indicators of knowledge, training, skill, and decision-making ability.
3. Work Motivation (Y1) – assessed using indicators of working environment, compensation adequacy, and flexibility of regulations.
4. Employee Performance (Y2) – measured through quality of work, quantity of results, and initiative and creativity.

All indicators were measured using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). The measurement items were adapted from prior validated research in Islamic management and organizational behavior studies.

Data Collection Procedure

The data collection process was conducted through a structured questionnaire distributed directly to employees. Prior to full distribution, a pilot test involving 10 respondents was carried out to ensure clarity and reliability of the questions. The final questionnaire was then distributed both online and offline to increase response accuracy and coverage.

Data Analysis Procedure

The data analysis followed a systematic sequence:

1. Descriptive Statistics – used to summarize respondent profiles and provide an overview of variable tendencies (Sugiyono, 2014).
2. Measurement Model (Outer Model) Evaluation – tested for indicator reliability, internal consistency (Cronbach's alpha and composite reliability), and convergent and discriminant validity (Average Variance Extracted or AVE).
3. Structural Model (Inner Model) Evaluation – assessed the strength and significance of relationships among constructs using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS software. This

approach was selected because it is suitable for small sample sizes and non-normal data (Ghozali, 2014; Hair et al., 2019).

4. Hypothesis Testing – conducted through bootstrapping procedures to determine the significance of each path coefficient with reference to t-statistics and p-values.

Analytical Framework

According to (Hartono & Abdillah, 2016), The PLS-SEM analysis enabled testing of both direct and indirect effects between constructs, thereby identifying the mediating role of work motivation. The analysis approach emphasized transparency and replicability, ensuring methodological rigor and alignment with quantitative standards in Islamic finance research.

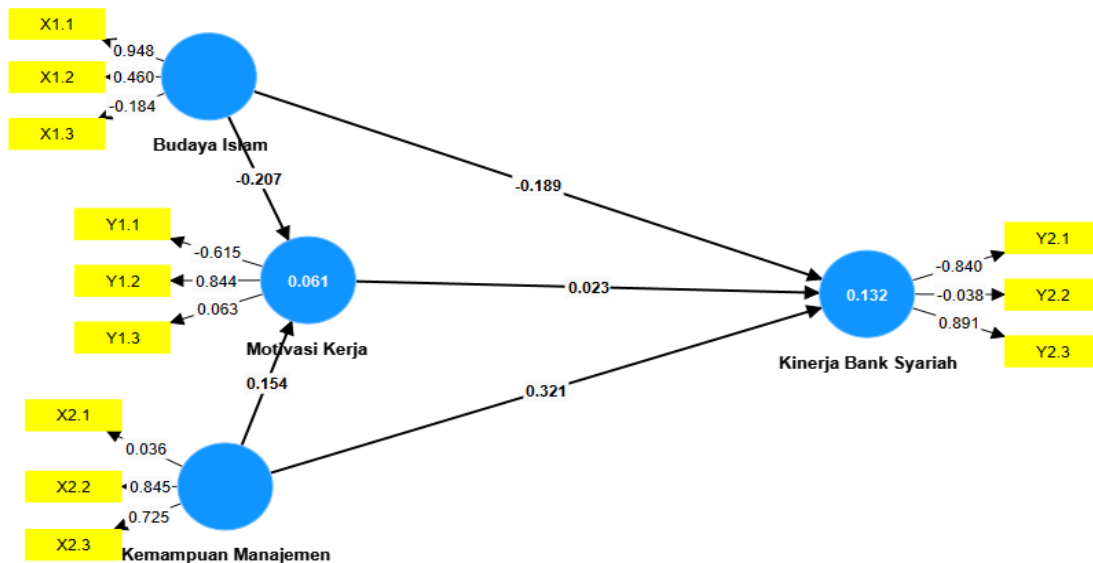
By adopting this structured method, the study ensures that findings are not only statistically valid but also contextually relevant to the dynamics of Islamic banking institutions in Indonesia.

Result And Discussion

This section presents the results of data analysis and discusses their implications in the context of Islamic banking. The analysis was conducted using the Partial Least Squares Structural Equation Modeling (PLS-SEM) approach to test the relationships among Islamic organizational culture, managerial capability, work motivation, and employee performance. The evaluation process was carried out systematically, beginning with the assessment of the measurement model (validity and reliability tests) and continuing with hypothesis testing on the structural model.

Outcomes of Partial Least Square (PLS) Processing

Figure 4.1 Partial Least Square (PLS) Measurement and Structural Model



Source: processed data

As illustrated in Figure 4.1, the convergent validity of all indicators of Islamic culture (X1), management ability (X2), work motivation (Y1), and the performance of

Islamic bank employees has been met, as each variable has a factor loading value greater than 0.7. The results of the PLS-SEM analysis demonstrate that all constructs meet the reliability and validity requirements, indicating that the measurement instruments used in this study are consistent and credible. Subsequently, the hypothesis testing reveals several significant relationships, highlighting how Islamic culture and managerial capability influence work motivation and performance within Islamic banking institutions. The discussion that follows interprets these findings by connecting the statistical outcomes with theoretical frameworks such as Attribution Theory and the ERG Theory, providing both empirical evidence and practical meaning

Table 4.1 Convergent Validity Testing Based on Outer Loading

Construct	Islamic Culture (X ₁)	Management Ability (X ₂)	Work Motivation (Y ₁)	Employee Performance (Y ₂)
Social Ethics	0.948			
Togetherness	0.760			
Islamic Scholarship	0.784			
Knowledge		0.736		
Training		0.846		
Skills		0.725		
Working Environment onditions			0.715	
Adequate Compensation			0.844	
Flexible Regulations			0.768	
Quality of Work				0.840
Quantity of Results				0.738
Initiative and Creativity				0.891

Source: processed data

The constructs for all variables have not been removed from the model since the indicators of Islamic culture, management skills, job motivation, and employee performance are all more than 0.7, according to factor loading tests in Table 4.1. According to Hair et al. (2019), the constructs have satisfied the requirements for convergent validity.

Table 4.2 Discriminant Validity Evaluation based on Average Variance Extracted (AVE)

Variables	Cronbach's Alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Islamic Culture	0.712	0.714	0.720	0.612
Management Ability	0.614	0.628	0.781	0.514
Work Motivation	0.711	0.718	0.778	0.701
Employee Performance	0.701	0.712	0.816	0.776

Source: processed data

According to the composite reliability value in the SmartPLS output results above, each item measuring variable (X1) Islamic Culture is dependable, with the variable's composite reliability value of $0.714 > 0.70$. Variable (X2) Management Ability has a composite reliability score of $0.781 > 0.70$, according to the SmartPLS output data, meaning that every item measuring this variable is considered trustworthy. According to the SmartPLS output results, each item measuring the variable (Z) is regarded as trustworthy, with the variable (Z) Work Motivation having a composite reliability rating of $0.778 > 0.70$. It demonstrated that the variable (Y) Sharia Bank Employee Performance has a composite reliability value of $0.816 \geq 0.70$, meaning that every item measuring variable (Y) is dependable.

The (X1) Islamic culture variable has an AVE value of $0.612 \geq 0.05$, which satisfies the convergent validity condition. With an AVE value of $0.514 \geq 0.05$, the (X2) management capability variable satisfies the convergent validity criteria. Since the (Z) work motivation variable's AVE value is $0.701 \geq 0.05$, it can be considered to satisfy the convergent validity condition. The (Y) Sharia Bank Employee Performance variable may be concluded to satisfy the convergent validity condition because its AVE value is 0.776.

Hipotesys Testing

Table 4.3 Hipotesys Testing Result

Relation among variables	Original Sample (o)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P-value	Result
H1 Islamic Culture to Work Motivation.	0.892	0.152	2.211	2.908	0.021	Significant
H2 Islamic Culture to Employee Performance.	0.876	0.309	2.240	2.787	0.001	Significant
H3 Management Ability to Work Motivation.	1.154	0.210	1.196	2.786	0.012	Significant
H4 Management Ability to Employee Performance.	0.099	0.187	0.099	2.863	0.038	Significant
H5 Work Motivation to Employee Performance.	0.087	0.057	1.112	1.221	0.009	Significant
H6 Islamic Culture to Work Motivation to Employee Performance.	0.890	0.067	1.223	1.260	0.033	Significant
H7 Management Ability to Work Motivation to Employee Performance.	0.400	0.050	1.064	1.055	0.013	Significant

Remark: * significant $\alpha = 10\%$, ** significant $\alpha = 5\%$

Based on the table above, the decision from the hypothesis testing proposed in this study is as follows:

1. The results of the hypothesis testing in Table 4.3 show a T-statistic value of 2.908, while the P-value is $0.021 < 0.05$, so it is decided to accept hypothesis 1, which states that Islamic culture has a positive effect on work motivation.

2. The results of the hypothesis testing in Table 4.3 show a T-statistic value of 2.787, while the P-value is $0.001 < 0.05$, so it is decided to accept hypothesis 2, which states that Islamic culture has a positive influence on employee performance.
3. The results of hypothesis testing in Table 4.3 show a T-Statistic value of 2.786, while the P-Value is $0.012 < 0.05$. Therefore, it was decided to accept the proposed hypothesis 3, namely that management ability has a positive effect on work motivation.
4. The results of the hypothesis testing in Table 4.3 show a T-Statistic value of 2.863, while the P-Value is $0.038 < 0.05$. Therefore, it was decided to accept the proposed hypothesis 4, namely that management ability has a positive effect on work motivation.
5. The results of the hypothesis testing in Table 4.3 show a T-Statistic value of 1.221, while the P-Value is $0.009 < 0.05$. Therefore, it was decided to accept the proposed hypothesis 5, which states that work motivation has a positive effect on employee performance.
6. The results of hypothesis testing in Table 4.3 show a T-Statistic value of 1.260, while the P-Value is $0.033 < 0.05$. Therefore, it was decided to accept the proposed hypothesis 6, namely that Islamic culture has a positive effect on employee performance through work motivation.
7. The results of the hypothesis testing in Table 4.3 show a T-statistic value of 1.055, while the P-value is $0.013 < 0.05$. Therefore, it was decided to accept hypothesis 7, which states that management ability has a positive effect on employee performance through work motivation.

Discussion

The Influence of Islamic Culture on Work Motivation.

Islamic culture has a positive influence on work motivation, meaning that the implementation of a good environment will increase individual motivation but also contribute to the overall performance of the organization. Islamic values such as honesty, responsibility, and cooperation are a strong foundation for creating a productive and harmonious work environment. The results of this study support Attribution Theory, which states that each person is responsible for determining how they understand where others should agree to treat behavior rather than not.

The Influence of Management Skills on Work Motivation.

The significant influence of management skills on work motivation shows that investing in managerial skill development can result in increased employee motivation and performance. Organizations that recognize the importance of this can design leadership training programs, fair reward systems, and create a supportive work culture to maximize employee potential (Murtalingtyas et al, 2023). Therefore, to enhance employee work motivation, it is crucial for organizations to focus on improving managerial skills that directly influence employee motivation and performance.

The Influence of Work Motivation on Employee Performance in Banks.

Work motivation has a significant positive influence on employee performance in the Islamic banking sector, meaning that providing the right motivation can increase employee enthusiasm and productivity, which in turn contributes to the achievement of organizational goals. Therefore, it is important for management to understand the factors influencing employee motivation and implement effective strategies to enhance work motivation kerja (Munir et al, 2024). The research findings support the ERG theory proposed by Hasibuan (2001), which states that the ERG theory is a theory of motivational satisfaction, asserting that individuals have needs for existence, relatedness, and growth.

The Influence of Islamic Culture on Employee Performance.

Islamic culture has a positive and significant influence on employee performance, encompassing values such as integrity, honesty, responsibility, and work ethics, which significantly impact employee performance. Implementing Islamic culture within an organization can create a harmonious work environment, enhance motivation, and ultimately improve individual and team performance. However, it is important to note that the influence of Islamic culture on employee performance can vary depending on the organizational context, the implementation of Islamic values, and other influencing factors. Therefore, further research is needed to understand these dynamics more deeply.

The influence of management skills on employee performance.

Management skills have a positive and significant influence on employee performance, meaning that the positive and significant influence of management skills on employee performance indicates that investing in managerial skill development can improve individual and team performance. Organizations that recognize the importance of this can design training and development programs to enhance managerial skills, which in turn will improve employee performance and achieve organizational goals effectively. Thus, to improve employee performance, it is important for organizations to focus on enhancing managerial skills that directly influence employee motivation and performance.

The Influence of Islamic Culture on Employee Performance Through Work Motivation.

The influence of Islamic culture on employee performance through work motivation is significant, meaning that the application of Islamic cultural values in organizations has a real and measurable impact on employee work motivation, which in turn improves their performance. This relationship can be measured statistically with results showing a significant influence and not a coincidence.

The Influence of Management Skills on Employee Performance Through Work Motivation.

The influence of management skills on employee performance through work motivation means that the positive influence of management skills on employee performance through work motivation shows that investing in the development of managerial skills can improve employee motivation and performance. Organizations that

recognize the importance of this can design leadership training programs, fair reward systems, and create a supportive work culture to maximize employee potential. Therefore, to improve employee performance, it is important for organizations to focus on improving managerial skills that directly influence employee motivation and performance.

Through this discussion, the study not only validates the proposed hypotheses but also offers a deeper understanding of how faith-based values and managerial competencies jointly contribute to shaping employee behavior and improving financial performance in Islamic bank

Conclusion And Recommendation

Summary of Key Findings

This study concludes that both Islamic organizational culture and managerial capability play a significant role in enhancing employee performance in Islamic banking institutions. Work motivation acts as a mediating variable that bridges the effects of culture and managerial skills on performance. The findings reveal that when Islamic values are embedded within managerial practices, employees demonstrate higher motivation, stronger ethical commitment, and improved productivity, which ultimately strengthen the financial performance of Islamic banks.

Theoretical and Practical Implications

Theoretically, the study reinforces the behavioral-finance perspective by integrating faith-based values into performance and motivation models. It provides empirical evidence that Islamic organizational culture and managerial competence jointly influence financial outcomes through human motivation. Practically, the results highlight the importance of cultivating an organizational environment grounded in Islamic ethics while continuously developing managerial capabilities. Islamic banks are encouraged to design leadership and motivation programs that align spiritual principles with measurable business objectives.

Limitations

This study is limited by its focus on a single institution (Bank Syariah Indonesia, Bondowoso Branch) and the use of self-reported data, which may introduce bias and restrict generalization. The sample size, though sufficient for PLS-SEM analysis, may not fully capture variations across different Islamic banking institutions or regions.

Future Research Directions

Future studies should expand the sample to include multiple Islamic banks across diverse regions and incorporate objective performance indicators such as profitability ratios, efficiency metrics, or customer satisfaction indices. Longitudinal approaches could also be adopted to observe changes over time and better understand the dynamics between faith-based culture, leadership, and motivation.

In conclusion, this research underscores the relevance of integrating Islamic values and managerial excellence as strategic assets in developing a sustainable Islamic banking

system. Strengthening these aspects not only improves employee performance but also contributes to the advancement of Islamic finance theory and practice.

Reference

- Alamsyah, H. (2010). Perkembangan dan Prospek Perbankan Syariah Indonesia: Tantangan Dalam Menyongsong MEA 2015. *Milad Ke-8 Ikatan Ahli Ekonomi Islam (IAEI)*, 5(2), 1–8. https://www.academia.edu/download/54941656/Perbankan_1.pdf
- Asaad, M. (2011). Untuk Pembiayaan Usaha Pertanian. *Peningkatan Peranan Perbankan Syariah*, 34, 113–1.
- Aziz & Shofawati, (2015). Perbedaan Risk and Return Deposito Mudharabah pada BUS di Indonesia. *Jurnal Ekonomi Syariah Teori dan Terapan* Vol. 6 No. 5.
- Darmawan, (2017). The Effect of Islamic Work Ethics and Islamic Organizational Culture on Employee Performance. <https://doi.org/10.33258/birci.v5i2.4720>
- Fadhlorrohan & Mas'ud., (2022). The Effect of Islamic Work Ethics and Islamic Organizational Culture on Employee Performance.
- Gurbuz dan Aykol, (2009). Entrepreneurial management, entrepreneurial orientation and Turkish small firm growth. *Journal Management Research News*, Vol. 32 No. 4, pp. 321-336.
- Hamzah & Uno, (2017). An Arduino Based Biosensor for Water Pollution Monitoring Using Immobilised Algae *Chlorella Vulgaris*. *International Journal on Smart Sensing and Intelligent System* Vol. 10. No. 4.
- Murtalingtyas, W., Wijayantini, B., & Sobri, T. (2023). Strategi Pemasaran Terpadu BUMDes Menyongsong Era Society 5.0. *Jurnal Manajemen Dan Bisnis Indonesia*, 9(2), 316-326.
- Munir, K., Wijayantini, B., & Reskiputri, T. D. (2024). Impact Of Work Ethic And Organizational Commitment To The Performance Of Employees At Pt. Post Indonesia (Persero) Jember Branch. *Dynamic Management Journal*, 8(3), 573-582.
- Mahpudin & Purnamasari, (2022). Islamic Rural Bank Employee Performance: Role of Motivation, Compensation, and Work Environment. *Jurnal Ekonomi dan Bisnis*.
- Nengsih, N. (2015). Peran Perbankan Syariah dalam Mengimplementasikan Keuangan Inklusif di Indonesia. *Etikonomi*, 14(2), 221–240. <https://doi.org/10.15408/etk.v14i2.2230>.
- Suhaeli & Hidayati, (2023). Pengaruh Kemampuan Kerja, Motivasi Kerja, dan Disiplin Kerja terhadap Kinerja Karyawan (Studi Empiris pada Puskesmas Kecamatan Candimulyo. *Jurnal*
- Sukardi, B. (2012). Kepatuhan Syariah (Shariah Compliance) dan Inovasi Produk Bank Syariah di Indonesia/
- Raharjo, S., & Wahyuni, S. (2019). Analisis Pengaruh Pembiayaan Murabahah dan Mudharabah Sebagai Variabel Intervening. *Bisnis Dan Manajemen*, 19(1), 39–50.

- Rosenzwing, (2003). The Influence of An Integration Strategy on Competitive Capabilities and Business Performance: An Exploratory Study of Consumer Products Manufactures. <https://www.sciencedirect.com/journal/journal-of-operations-management>.
- Sekhar et al. (2013). A Literature Review on Motivation. Journal International Network of Business and Management.
- Wai and Kuan (2011). Effects of Property Portfolio Characteristics on M-Reit Risks. <https://www.tandfonline.com/journals/rprj20>
- Wijyantini, B., & Safitri, R. (2022). Determinan Gaya Kepemimpinan Dan Komunikasi Terhadap Kinerja Pengelola Bumdes Di Masa Pandemi. *SEGMEN: Jurnal Manajemen dan Bisnis*, 18(2).