

How HRD, Servant Leadership, and Good Governance Improve Islamic Bank Staff Performance and Morale

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Abstract

This research was conducted to analyze the impact of human resource (HR) development, servant leadership, and good governance on employee performance and moral commitment in Islamic banking. This requires a research method with a quantitative approach where the data used is primary data through a questionnaire with 215 respondents. This research was conducted from July to September 2022. The data obtained was carried out in the analysis stage using the structural equation modeling (SEM) AMOS program. The results of this study indicate that HR development has a positive and insignificant effect on moral commitment; servant leadership and good governance have a positive and significant effect on moral commitment; HR development has a positive and insignificant effect on employee performance in Islamic banking; servant leadership, good governance, and moral commitment have a positive and significant effect on employee performance in Islamic banking; while the role of moral commitment has a positive and insignificant effect on HR development on employee performance; and servant leadership and good governance have a positive and significant effect on employee performance through moral commitment.

Keywords

Human Resource Development, Servant Leadership, Good Governance, Employee Performance, Moral Commitment

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Introduction

Islamic banking was enacted based on Law No. 07 of 1992 concerning banking; this was the beginning of the enactment of the establishment of banks embracing a profit-sharing system based on a legal basis, so Bank Muamalat was established in Indonesia in 1991. With the issuance of Law No. 10 of 1998, an amendment from Law No. 7 of 1992, dated June 17, 1998, and Law No. 21 of 2008 concerning Islamic banking and several Bank Indonesia (BI) Regulations, in which BI is the monetary

authority in this country, including BI Regulation No. 8 / 4 / PBI / 2006 and Act No. 21 of 2011 concerning new industrial authority, which is the transition period for Islamic banking from BI to the Financial Services Authority (OJK), a 5% industrial psychological market share was achieved, and a crucial period to prepare for the implementation of the mandate of Law No. 21 of 2008, which concerns Islamic banking and the regional market liberalization of the ASEAN Economic Community, was started.

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Company management will always face the performance problems of Sharia banking. Rusydiana (2016) conducted a research on the problems of Islamic banking and found that one of the most crucial problems is human resources (HRs). His research found that qualified HRs in the field of Sharia economics remain unfulfilled; therefore, in practice, Islamic banking often deviated from Sharia principles. Another problem of Sharia banking is supply orientation. Practitioners can only explain what they know but cannot respond to what the public is asking. Inadequate educated and professional HRs, especially those with managerial technicalities, is another problem. Therefore, the management needs to know the factors affecting employee performance such that the management can take necessary policies to improve employee performance to achieve company expectations.

Employee performance can be seen, among others, from the results of work (quality and quantity) achieved and evidenced by the achievement of tasks submitted to employees according to their responsibilities. Therefore, improving employee performance is important so that they have good responsibility for the main tasks they carry and can carry out their work optimally. Generally, the job description states that employee performance should be measured can not be separated from a series of supporting factors in the form of factors that affect the success of performance.

The factors influencing employee performance include servant leadership, HR development, good governance, and moral commitment. These factors affect employee performance in performing assigned tasks, and the effects of these factors are measured to identify whether the performance of the employee is getting better or worse.

Hassan et al. (2006) stated that investment in HR development (such as learning, training and system development, reward and recognition, and the provision of climate information systems for HR

development (Man, M.M.K. (2020), will encourage individual and organizational performance improvements. High commitment to HR development is empirically proven to affect organizational outcomes through the formation of employee behavior and attitudes (Al-Jedaiah, M. N., & Albdareen, R. (2020); Whitener, 2001). These behaviors and attitudes are shown by employee satisfaction, commitment, and high loyalty to work and the organization (Potnuru, R. and Sahoo, C. (2016).

The excellence of an organization can mainly be achieved through the management of human resources (Otoo, F., 2018; Otoo, F.N.K., 2019; Otoo, F.N.K., Otoo, E.A., Abledu, G.K. and Bhardwaj, A. (2019); Man, M.M.K., 2020) who have a high commitment to the organization. The role of human resource management (HRM) in the organization must be directly connected to the strategy that the organization builds to achieve its excellence (Mitsakis, F. 2023). Achieving excellence is one of the strategic human resource management must play a role in developing the skills, knowledge, and abilities of each employee to be part of other organizational strategies and work in parallel in the control of the human resource development (HRD) division which has a close relationship to SHRM which has the role of SHRM is to determine the role of human resources in achieving other strategies (Hamadamin & Atan, 2019; Zehir, C., Üzmez, A., & Yıldız, H., 2016). Continuous human resources management strategies (SHRM) assessment and feedback will help organizations stay on the path of excellence (Al-Jedaiah, M. N., & Albdareen, R. (2020).

This strategy will help determine the needs of the organization and move forward alongside the organizational strategy to achieve the organization's targets in the market. In addition, the HR strategy will determine other organizational needs that help manage HR (Man, M.M.K. (2020), such as required experience and training to improve organizational capabilities. On the

other hand, the success of HR strategy will be influenced by various factors. One of the crucial factors is the technology available to manage HR. So, the success of HR strategy will be related to the availability of high technology that helps in its management, which directly affects organizational performance (Al-Jedaiah, M. N., & Albdareen, R., 2020).

In addition, many studies have proven how servant leadership affects employee performance (Northouse, 2013; Harianto et al., 2014; Hussain & Ali, 2012; Setiawan et al., 2015; Liden et al., 2008) and organizational commitment (Drury, 2004; Vondey, 2010; Mira & Margaretha, 2012). Servant leadership can be said to be a new leadership style whose main purpose is to provide services to others by creating harmony in working in synergy with subordinates (Cavin, C. & McCuddy Michael, (2009). Likewise, the presence of harmony at work provides a sense of togetherness to advance the organization by jointly making decisions (Al-Jedaiah, M. N., & Albdareen, R., 2020). Northouse (2013) stated that real leadership is not only served by subordinates, but leadership that serves subordinates with a form of attention that will be a passion for work, therefore, it takes the leader's sensitivity in solving subordinate problems, a sense of empathy, (Hariyanto Ramli Djatola, 2019), and developing them in a better direction.

Aisyah et al. (2014; Alagaraja, M., Cumberland, D. M., & Choi, N. (2015) states that, by implementing good governance, one of the benefits that can be achieved is the improvement of company performance through the creation of a better decision-making process; this increases the operational efficiency of the company and improves services to stakeholders. Black (2001) argues that the effect of good governance practices on firm value will be stronger in developing countries than in developed countries. Klapper, Leora F. dan Love, (2002) revealed that performance can be said to be running well in the company,

it is related to governance because governance has a positive impact on company performance, the role of return on assets and Tobin's Q. Another important finding from their research is that the implementation of good governance at the firm level is more meaningful in developing countries than in developed countries.

Employees are HRs in an organization working according to their main duties and functions to achieve company goals. The daily activities that employees perform require each employee to spend time, energy, thoughts, and other various forms of sacrifice to serve the country and provide services to customers. Problems related to good governance have become an issue that has attracted the attention of players in the Islamic banking industry and general banking and regulators; this has roots in the problem of separating ownership from controlling authority.

While the existing literature examines how organizations can develop HRD capabilities in determining the organization's strategy for the acquisition, development, and management of people, very little attention has been focused on describing the complex nature of HRD's contribution to the organization (Becker, Huselid, and Beatty 2009; Caldwell 2010; Lawler 2005) which means there is still a lack of research related to the role of HRD involving key organizational leaders in the assessment of HRD contributions (both strategic and transactional) as a gap in the literature, as for the gaps that occur empirically there are still different findings in previous studies between HRD, leadership, and performance (Andre Wardhana, 2022; Ardiansyah et al., 2022; Tumangkren et al. , 2020), and (Al-Jedaiah & Albdareen, 2020; Alagaraja et al., 2015; McCune et al., 2019).

The phenomenon of the shortage of HRs has been perceived as a critical factor in the growth of the Islamic banking industry in Palu City, particularly due to the growth of new banks. This is reflected in, among

others, a shortage of supply of bank branch leaders, candidates for BPRS directors, and a number of strategic job positions at the national Islamic banking that are fit and proper to qualify for important positions in banks. The purpose of this study was to analyze the effect of HR development, servant leadership, and good governance on employee performance and moral commitment in Islamic banking in Central Sulawesi.

Literature Review

Performance evaluation or assessment relates to work skills and levels of achievement in accordance with minimum work service standards. This assessment is influenced by the quality of HRs in properly performing their duties and functions (Caldwell, C., & Hasan, Z. (2016). Thus, the individual's performance can increase if there is a match between the job and the ability to work adjusted to the level of contribution to improving performance. (Khoury, G.C. and McNally, B. (2016). Developing employee performance measurements builds individual performance, quantity, efficiency, and effectiveness (Schemerhorn, F., and Hunt, B. (2013). Behavior and attitudes, as a result of resource development, are indicated by employee satisfaction, commitment, and high loyalty to work and organization. According to Moorhead, G. and R. W. Griffin (2013: 73), organizational commitment is the attitude of an individual who understands or knows and has more ties with the organization. An individual who is highly committed likely sees himself or herself as a true member of the organization. Meanwhile, according to Kreitner, K. dan A. Kinicki (2014: 165), Organisational commitment reflects the extent to which an individual gets to know more about his organization and its goals. It can be interpreted that organizational commitment is an individual action that psychologically shows strong beliefs, beliefs, and attitudes that accept the values and goals of the organization for its existence in the organization, giving rise to

a strong willingness to work for the organization and the extent to which he wants to become a member of the organization. Organizational commitment is the attitude and behavior of identifying employees as a component that plays a role in the process of organizational activities and having a sense of loyalty to the organization to lead and achieve the direction and goals of the organization (Wibowo, 2014). High organizational commitment will provide sustainable performance (Anderson M. H., Sun P. Y. T. (2017).

Organizational commitment can be defined as an attitude that shows the extent to which employees involve themselves in the organization and play an active role continuously in carrying out activities in the organization. Organizational commitment reflects the belief of the employee in the mission and goals of the organization and the desire to work hard and continue to work in the organization (Marashdah, O., & Albdareen, R., 2020; Sendjaya, Sen. 2015). Eva et al., (2019) suggests that organizational commitment is an attitude of interest shown by employees to the organization as a whole. A high level of organizational commitment can have an impact on the loyalty that employees have toward the company. Employees will provide loyalty, have a desire, are willing to work hard, make sacrifices, and care for the survival of the organization; in turn, employee commitment will encourage employee performance through involvement in every activity of the organization.

HR development aims to produce work concepts that are logically linked and competitive in developing a work environment, where employees can develop themselves to always learn (Yuvaraj and Mulugeta, 2013). Training and education at the start of work aim to improve the competencies that technical personnel must have, which is a requirement set by the company. The pattern of coaching employees is aligned with improving

welfare, because education and training are interrelated as a determinant of the success of employee coaching. Employee success is determined by the performance of the employee in carrying out the tasks he or she does. Malayu S. P. Hasibuan (2017) stated that investment in HR development, such as learning, training and system development, reward and recognition, and the provision of climate information systems for HR development, will encourage the improvement of individual and organizational performance.

Northouse (2013) and Harianto et al. (2014) found that servant leadership is one of the factors that also play a role in influencing performance. Servant leadership is a new style of leadership in which service is prioritized by focusing on providing service to others by synergizing with subordinates at work and then introducing a sense of togetherness to subordinates to work together in organizational decision-making (Spears, 2010; Northouse, 2018). Northouse (2013) suggests that servant leadership is more about the leader's sensitivity and paying attention to the problems that occur with his subordinates by showing empathy and directing a solution. Equality and justice are the main values of servant leadership. This encourages and supports fair treatment of everyone. This value can influence the perceptions of subordinates to increase their loyalty and organizational commitment (Hariyanto R. Djabatola & Hilal, 2022) and (Yukl, 2015). Servant leadership is a genuine feeling that comes from the heart of a leadership figure who wants to serve, meaning a leadership figure who is sensitive and empathetic (Hoch et al., 2016; in Greenleaf, 2002). When the leader reprimands, the leader will approach and peacefully resolve it and will not force his will on others. Harwika W. (2016) states that servant leadership is related to organizational commitment such that organizational commitment is closely related to servant leadership. Servant leaders become role models for their

followers who have responsibilities at work in order to serve them for the common interest of achieving organizational goals, while from the other side, their followers are more committed to working to achieve success and more prosperous (Sendjaya, 2015). This is what makes them related to each other (Mukasabe, H. (2004)

Servant leadership in its application with a fundamental and also long-term approach, in time provides changes that are entirely in personal and professional life with employees. Even leaders are not destined to be served, but rather the privilege that leaders have to be able to serve employees, meaning that leaders who are open and willing to care about helping their subordinates solve their difficulties result in high respect from subordinates to leaders. A caring attitude among employees creates a conducive and harmonious work environment, which can lead to improved employee performance (Astohar, 2012).

Another factor that is considered to affect employee performance is the governance that the company creates well. The concept of governance can be said to be good if it refers to how good organizational governance is. Good governance is applied in the internal control system of the organization, which carries out the duties, rights, and obligations of the organization to achieve successful goals. It is evaluated for the continuity of a good organization. Good governance has five different main objectives: (1) protecting the rights and interests of leadership, (2) protecting the rights and interests of subordinates, (3) increasing the value of the organization, (4) increasing efficiency and effectiveness, and (5) improving the quality of leadership and subordinate relationships (Thomas, 2008: 8). Governance is a whole group of people who work two or more based on the rationality of policies, systems, and procedures in the financial sector to achieve organizational goals (Eva et al., 2019).

The goal of good corporate governance is the measurement and appraisal of employee performance. Arens et al. (2012) concluded that the good and bad corporate governance of companies in Indonesia is related to the implementation of internal control in these companies. The control environment is an objective condition existing in the organization because the components of the control environment are very basic as an aspect of internal control; hence, the implementation of good corporate governance is very much related to company performance. FCGI in Aisyah et al. (2014) states that, by implementing good governance, one of the benefits that can be achieved is the improvement in performance through the creation of a better decision-making process, an increase of operational efficiency, and further improvement of services.

Based on the descriptions above, the research hypothesis includes the following:

- H1: HR development affects employee performance.
- H2: Servant leadership affects employee performance.
- H3: Good governance affects employee performance.
- H4: HR development has an effect on moral commitment.
- H5: HR development affects moral commitment.
- H6: Good governance affects moral commitment.
- H7: HR development affects employee performance through moral commitment.
- H8: Servant leadership affects employee performance through moral commitment.
- H9: Good governance affects employee performance through moral commitment.
- H10: Moral commitment affects employee performance.

Research Methods

This research uses a number of approaches in responding to various problems that have

been formulated in advance and have been adjusted or matched with the objectives of this study to be achieved through prior testing of hypotheses. The type for this research is explanatory research, which is research that seeks to find new relationship ties and seeks to explain the various effects caused by a research object, when viewed from the aspect of research objectives, so it can be said that this research is cause-and-effect research that seeks to explain the relationship between endogenous (dependent) and exogenous (independent) variables, from each of which consists of human resource development (X1), servant leadership (X2), good governance (X3), moral commitment (Y1), and employee performance (Y2), in Islamic banking. When considering the type of data, this research is fixed in a post-facto nature, which means that the research has already passed or has occurred. Therefore, this research is systemically empirically sourced research in which the researcher cannot control the independent variables because it can be said that the event has already passed, so the nature of the data cannot be manipulated.

This research was conducted for three months, from October to December 2020, at Islamic banking in Central Sulawesi, namely, Bank Muamalat, Bank Bukopin Syariah, Bank Mega Syariah, BNI Syariah (BSI), BRI Syariah (BSI), and Mandiri Syariah. The population is a collection of elements from the area to be studied that has a number of characteristics in general or generalization. In other words, the population is, the entire group of people, events, or items the researcher is interested in researching (Sekaran. Uma, R. B., 2019; Sugiyono, 2020).

The population of this study includes Islamic banking employees in Central Sulawesi, including upper, middle, and lower-level managers. A total of 215 Islamic banking employees are included in this criterion, the number of respondents has been determined based on sampling techniques. Determination of the sample in

this study was carried out with a type of nonprobability sampling which is a technique that does not provide equal opportunities for each element or member of the population to be selected as a sample (Sugiyono, 2020). The nonprobability sampling technique chosen is saturated sampling (census), where all 215 members of the population are sampled. The data collection techniques used in this study were observation, interviews, questionnaires, and documentation. The analysis method in this study uses descriptive and quantitative analysis with statistical tools used in structural equation modeling (SEM).

Result

The purpose of testing the feasibility of the structural model is to determine and recognize the suitability of the data with the observations built and estimated using the standardized regression weights value. Building a structural model based on research objectives that are estimated to

direct and indirect relationships into a research conceptual framework. Model fit to the observed data can be seen if the Chi-square is small nonsignificant at $\alpha = 0.05$; probability value ≥ 0.05 ; $CMIN/DF \leq 2.00$; $RMSEA \leq 0.80$; and $TLI, CFI \geq 0.95$. Based on the analysis conducted, the Chi-square value is 570.181 with a DF of 242 and a probability of 0.000. The Chi-square results indicate the existence of a null hypothesis stating that the model is equal to the empirical data presented can be accepted, meaning that it shows that the model fits (initial model 1). When the model was evaluated, however, the eight criteria of the goodness of fit index did not fulfill the criteria. Therefore, the model was modified (index modification) through improvements in covariance variance and regression weights (Hair et al., 2010 p. 271)

Figure 1 presents the test results of the full model structural model path diagram testi (final model 2) and the relationship between the variables.

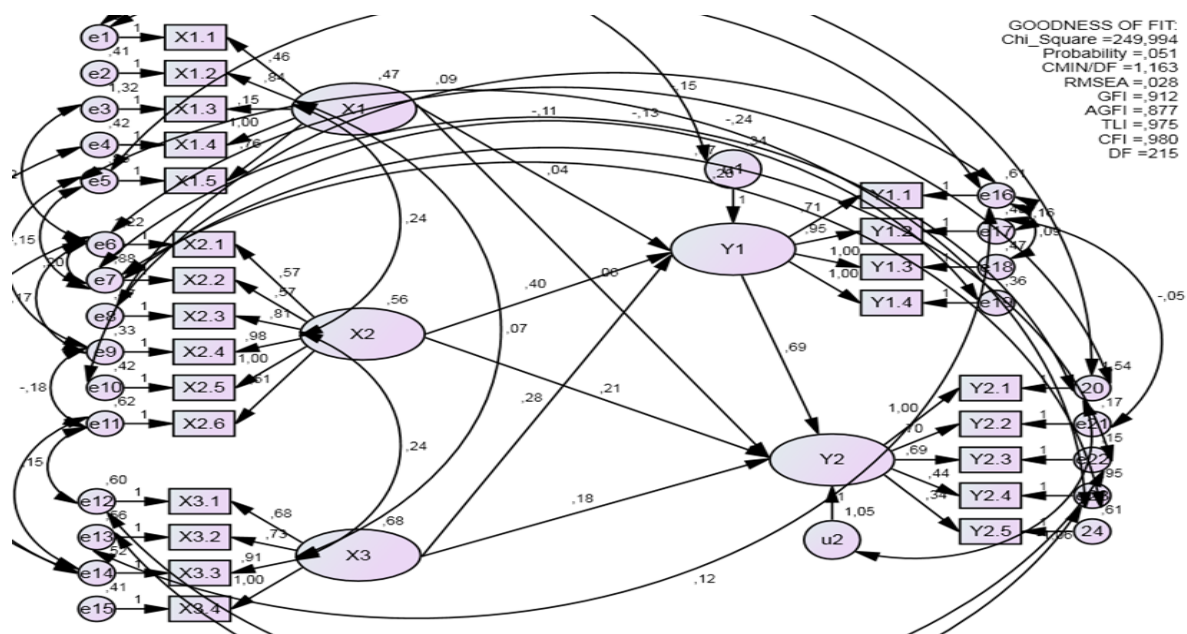


Figure 1. Full Model Structural Model Testing Path Diagram (Model 2)

The results are used as the basis for comparing the model suitability index with the cutoff value after modifications are

conducted. The results of the goodness-of-fit tests are presented in Table 1.

Table 1. The goodness-of-fit test

| <i>Goodness-of-fit index</i> | <i>Cutoff value</i> | <i>Model results</i> | <i>Information</i> |
|------------------------------|---------------------|------------------------------|--------------------|
| Chi-square | Small expected | 249.994 (0.05:215 = 250.207) | Good |
| Probability | ≥ 0.05 | 0.051 | Good |
| CMIN/DF | ≤ 2.00 | 1.163 | Good |
| RMSEA | ≤ 0.08 | 0.028 | Good |
| GFI | ≥ 0.90 | 0.912 | Good |
| AGFI | ≥ 0.90 | 0.877 | Marginal |
| TLI | ≥ 0.94 | 0.975 | Good |
| CFI | ≥ 0.94 | 0.980 | Good |

Source: Processed data (Output AMOS 18.0) in 2022

As shown in the table, after the model modification, the final model 2 has fulfilled the goodness-of-fit test; there is a match between the model and the cutoff value. Because of the six existing model suitability criteria, model2 (final) has met seven of the eight criteria.

According to the results data analysis, the results of this study combined theory, previous research results, and empirical facts that occur on the object understudying confirm the results of this study to strengthen reject the theory or results of previous researchers are new findings. The results of the feasibility test of the designed and estimated structural models were proven to be in accordance with the observed data. The results of research that tests exogenous and endogenous variables, in this study combine several results obtained in empirical data analysis with a descriptive approach and testing using multivariate analysis called SEM, thus creating a synthesis process in perfecting this study. It is necessary to analyze the results of hypothesis testing as follows:

When looking at the results of SEM analysis, the path coefficient from HR development to employee performance in Islamic banking has a positive relationship

direction but is not significant. So, for hypothesis testing based on the p-value as a benchmark used to test the hypothesis, the results of hypothesis testing obtained a p-value of 0.512, while the coefficient value obtained is 0.034, which means that it is not significant. These results indicate that HR development has a positive and insignificant effect, with indicators of mindset training, cultural set training, education, career, and assessment on employee performance with professional, proportional, effective, and efficient indicators of trust and recruitment. This concludes that hypothesis 1 (i.e., HR development has a positive and significant effect on employee performance in Islamic banking) is rejected.

The path coefficient from servant leadership to employee performance has a significant positive direction, with the benchmark having a value of $p = 0.033$. This means that it is significant as the coefficient value is 0.125. These results indicate that there is a significant, positive relationship between servant leadership and employee performance in Islamic banking, with indicators of love, empowerment, vision, humility, trust, and altruism with professional, proportional, effective, and efficient indicators of trust and recruitment.

Thus, the results of this study concluded that hypothesis 2 (i.e., servant leadership has a positive and significant effect on employee performance in Islamic banking) is accepted.

The path coefficient of governance shows good results in this hypothesis with a p-value = 0.015 which means significant, with a coefficient value of 0.120. The relationship between good governance and employee performance in Islamic banking has a positive and significant trend. It is indicated by humanism, with professional, proportional, effective, and efficient indicators of trust and recruitment. Thus, the results of this study concluded the acceptance of hypothesis 3 (i.e., good governance affects the performance of Islamic banking employees).

The results of the analysis on SEM provide results showing the path coefficient from HR development to moral commitment has a positive and significant path direction, which is based on the benchmark value of $p=0.685$, which means insignificant and the coefficient value of 0.039. The indicators of HR development were mindset training, cultural training sets, education, search, and assessment of moral commitment with objective, fair, competitive, and competent indicators. The results thus approved the rejection hypothesis 4 (i.e., HR development has a positive and significant effect on the moral commitment of Islamic banking employees).

Hypothesis 5 has positive results for the relationship between servant leadership and moral commitment with a p-value = 0.000, which indicates that the relationship is positively significant with a coefficient value of 0.404. These results indicate that there is a significant, positive relationship between servant leadership and moral commitment with indicators of love, empowerment, vision, humility, trust, and altruism (prioritizing others) with objective, fair, competitive, and competent indicators. Therefore, servant leadership has a positive

and significant effect on moral commitment in Islamic banking.

Good governance to moral commitment has a significant positive direction with the benchmark value of $p = 0.000$ used to test the hypothesis. This means significant, with a coefficient value of 0.309. The results of this study indicate that there is a significant, positive effect of good governance with indicators of clean, transparent, accountable, and humanist; thus, the results of this study conclude to accept hypothesis 6 (i.e., good governance affects moral commitment in Islamic banking).

In addition, The results of data management in SEM analysis show that the indirect effect of HR development on the performance of Islamic banking employees through moral commitment on the path coefficient has an influence but is not significant. When looking at the p-value, which is the benchmark used for hypothesis testing, the results obtained in hypothesis testing are $P = 0.689$, with a coefficient value of 0.016 which means insignificant. These results indicate that there is an insignificant relationship between HR development and employee performance in Islamic banking through the moral commitment variable; thus, it is concluded that hypothesis 7 (i.e., HR development affects employee performance through moral commitment to Islamic banking) is rejected.

Servant leadership on employee performance through moral commitment in Islamic banking has a significant positive effect, with the benchmark of $p = 0.005$ used to test the hypothesis. This means that it is not significant, with a coefficient value of 0.166. These results indicate that there is a significant, positive relationship between servant leadership and employee performance through moral commitment. These results thus conclude the acceptance of hypothesis 8 (i.e., servant leadership affects employee performance through moral commitment in Islamic banking).

Good governance on employee performance in Islamic banking through moral commitment has a significant, positive effect with the benchmark value of $p = 0.001$, which means that it is not significant, with a coefficient value of 0.127. These results indicate that there is a significant, positive effect between good governance and employee performance through moral commitment. Therefore, the results of this study conclude to accept hypothesis 9 (i.e., good governance affects employee performance through moral commitment to Islamic banking).

Good governance of employee performance in Islamic banking has a significant, positive direction. The benchmark used to test the hypothesis is a p-value of 0.000, which means that it is significant as it has a coefficient value of 0.411. The results of this study indicate that there is a significant, positive effect on moral commitment, with objective indicators of fair, competitive, and competent employee performance, with indicators of professional, proportional, effective, and efficient indicators of trustworthiness and recruitment. The results of this study thus conclude that hypothesis 10 (i.e., moral commitment affects employee performance in Islamic banking) is accepted. The findings of this study can provide an explanation that the indicator of moral commitment that has the largest contribution that has been fulfilled is objective. The work commitment factors also have an important role in improving employee performance, if employees are committed to their work, such as objective, loyal, and having the willingness to work as employees in the organization or the company. The employees will not commit work violations that will interfere with their performance as employees. The smallest contribution from the indicator of moral commitment to performance is competition.

Discussion

Based on the explanation of the test results, it was observed that, of the 10 hypotheses

proposed in this study, three were rejected: hypothesis 1 (i.e., HR development on employee performance), hypothesis 4 (i.e., HR development on moral commitment), and hypothesis 7 (i.e., HR development on employee performance through moral commitment). This shows that HR development is not able to explain or encourage employee performance directly or indirectly through moral commitment.

In particular, these findings cannot explain how HR development encourages performance and even employee commitment. In some of the literature that has been previously presented, it is clear that the findings of this study are unable to prove the development of the hypotheses that have been described. Hasibuan (2011: 22) States that development is a process of improving the theoretical technical, conceptual, and moral skills of employees through education and training. Education and training will be provided in accordance with the demands of current job needs. Development is broader in nature because it involves many aspects, such as an increase in knowledge, attitude, and personality abilities. Hassan et al. (2006) also stated that investment in HR development, such as learning, training and system development, reward and recognition, and the provision of climate information systems, will encourage individual and organizational performance improvement. However, the empirical findings of this study show different results. This might be because HR development is not optimal; therefore, it is not able to support employee performance and commitment. It could also be due to the inadequacy of the training with current conditions, most of which are required to meet global challenges in terms of service, quality, and the ability and understanding of technology.

On the other hand, the hypotheses, except the three hypotheses above, show positive and significant results. This finding can be a support for the theory and literature that has been presented in the previous chapter. The findings of this study found that servant leadership and good governance, directly

and indirectly, affect employee performance through moral commitment. Spears (2010) states that servant leadership focuses on prioritized services, meaning that the services provided are focused on other people who receive services or subordinates who work together in synergy. Therefore, there is a sense of togetherness with subordinates in making decisions for the organization. Meanwhile, Northouse (2013) suggests that servant leadership focuses on making leaders more sensitive and paying attention to the problems of their subordinates, having a sense of empathy, and developing them in a better direction. The main values of servant leadership include equality and justice, which encourage and support fair treatment of everyone; these values can influence the perception of subordinates to increase loyalty and organizational commitment (Yukl, 2015). Servant leadership is a genuine feeling that comes from the heart of a leadership figure who wants to serve, meaning a leadership figure who is sensitive and empathetic (McCune Stein, A., & Ai Min, Y., 2019; Greenleaf, 2002). When a leader reprimands, the leader will approach and peacefully resolve it and will not force his or her will on others. (Drury, 2004; Washington et al., 2007) state that servant leadership is related to organizational commitment; hence, organizational commitment is closely related to servant leadership. Servant leaders are responsible for prioritizing the interests of his or her followers for them to become more prosperous; on the other hand, followers are fully committed to working to achieve organizational goals and the success of the leader. This is what makes them related (Musakabe, H. (2004).

Servant leadership is an aspect affecting employee performance. Servant leadership takes a fundamental and long-term approach, which in turn provides comprehensive changes in the personal and professional lives of employees. The destiny of the leader is not to be served, but the privilege that the leader has to serve

others and is also willing to help in solving the difficulties faced by his subordinates well so that the sensitivity and concern of the leader will be more respected by his employees. A highly caring attitude can lead to a conducive work climate that will have an impact on improving employee performance. (Astohar, 2012).

Equality and justice are the fundamental ideals of servant leadership, promoting and enabling fair treatment. This value will impact the attitudes of subordinates and increase loyalty and organizational commitment (Yukl, 2015). Servant leadership is a leadership that comes from a sincere desire to serve, in particular, to be the first to serve (Hoch et al., 2016; Greenleaf, 2002). When the leader rebukes, he will approach the situation and resolve it peacefully, rather than imposing his will on others. According to Drury (2004; in Washington et al., 2007), It should be noted that servant leadership is closely related to organizational commitment, so the success of the tasks carried out by subordinates depends on leaders who can serve their followers towards prosperity; supporters, on the other hand, are fully committed to working toward the organizational goals and leader's success. This is the link that binds them (Musakabe, H. (2004). Servant leadership is an aspect that affects employee performance and commitment. Servant leadership takes a basic and long-term approach, resulting in significant changes in workers' personal and professional lives. It is not the leader's destiny to be served, but it is his privilege to serve, and workers will respect leaders who are willing to serve in the sense of helping their subordinates overcome their problems. This caring attitude creates a positive work environment, which in turn increases employee productivity (Astohar, 2012).

The term “good corporate governance” refers to how well the organization is doing. Good governance is used in the internal control system of the organization to perform responsibilities, rights, and

operational obligations to achieve effective goals. It is assessed for good organizational continuity. Tellefsen, T., & Thomas, G. P. (2005) states that good governance has five main objectives: (1) protecting the rights and interests of leaders, (2) protecting the rights and interests of subordinates, (3) increasing organizational value, (4) increasing productivity and effectiveness, and (5) improving the quality of leadership and subordinate relations. Xie, L. (2020) define governance as “a group of people who work two or more based on the rationality of policies, systems, and procedures in the financial sector to achieve organizational goals.” Measuring and appraising employee performance is an aspiration for good corporate governance. According to Arens et al. (2012), good and bad corporate governance in companies in Indonesia is related to the implementation of internal controls in these businesses. Because the control environment component is very simple as an element of internal control, the implementation of good corporate governance is closely related to business performance.

Conclusion

Based on the results of the research, the authors feel the need to conclude both theoretically and operationally that policies should be formulated for improving employee performance in Islamic banking to improve Islamic banking services in Palu City. The implementation of HR management functions, especially education, has not been optimal, indicating that the capabilities of Islamic banking employees in Palu City still need to be improved, especially the ability and understanding of Sharia in relation to muamalah. Improving the proper recruitment pattern in accordance with the standards and operational principles of Islamic banking in Palu City is necessary. This will make a positive contribution to improving employee performance toward Islamic banking in Palu City. Sharia banking management needs to improve SDI competence, both fiqh Muamalah

competence and competence in the Sharia banking business in a comprehensive manner, as well as having high integrity, through consistent Sharia education and training so that it is expected to produce highly competent employees. The quality of HRs is insufficient and lacking competence and mastering science and technology (science and technology). Thus, there must be a combination of faith and piety (imtaq).
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