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# Character Centered Leadership and Its Influence on Employee Loyalty in Sharia Banking: A Case Study in the South Sulawesi Region

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**Abstract.** This study aim to find out how the influence of Character Centered Leadership on Loyalty of Bank Mandiri Syariah employees in South Sulawesi. This study uses quantitative research with the type of hypothesis testing, while the data sources in this study are primary data and secondary data. Based on the results of the study, it was found that there was an influence of Character Centered Leadership on the loyalty of Bank Mandiri Syariah employees in South Sulawesi with the result that the R value = 0.582a this value can be interpreted that the relationship between the two research variables exists but is categorized as weak. Through this it is also obtained that the value of R Square = 0.338 can be interpreted that the variable (X) has a 33.8% contribution effect on the variable (Y). It was also found that based on the significance value test (Sig) was  $0.000 > 0.05$ , the effect of Character Centered Leadership on the loyalty of Bank Mandiri Syariah employees in South Sulawesi was significant.

**Keywords.** Character Centered Leadership, Performance

## 1. Introduction and Background

### 1.1 Introduction

The problem of leadership is still a study that continues to grow and is interesting to discuss. The reason is none other than because until now, the issue of leadership is still a puzzle that is difficult to unravel and increasingly complex. The biggest problem facing the world of leadership today is the loss of values. Leadership runs as if there are no binding rules, and is based on one's own will. The leadership style that is currently developing tends to be done in a "transformative" or transformational style. But this style is not without its drawbacks and problems. A study from Howell and Avolio and Bass and Steidlmeier has shown that there are potential ethical problems with transformational leadership. (1) Leaders with this style may be able to increase their strengths and minimize their weaknesses, and adopt the values they believe are consistent with their followers' implicit theories of leadership. However, it is corrupt in values to realize every goal. (2), there are no checks and balances, there is an unhealthy concentration of power. (3) followers can be manipulated to follow the interests of their leader rather than paying attention to their own personal needs.

Transformational leadership that is currently widely implemented, often ignores aspects of the human soul. If the soul aspect is ignored in the management of a company, it is certain that there will be no harmonization because employees are forced to act or do work that is not appropriate or even against their conscience. This leads to a loss of trust. This is the most vital problem in an organization when the level of trust of customers, employees in the company decreases or even disappears altogether. Covey places this issue at the center of the chronic problem. Even though the company has a good mind (vision), body (structure, system, process), and heart (passion), without the presence of a soul, the company will move like a living corpse. It loses confidence in a competitive market.

## **1.2 Background**

In the context of marketing and sharia banking business, this has become a classic phenomenon that has not been solved until now. Some of these phenomena include the weak relationship with God or commonly called the weakness of monotheism, inconsistencies with MUI fatwas such as using fatwas to make business profits, the veiled culture is only used as a complement to uniforms, and habits that do not reflect the values of Islamic teachings in everyday life. –day (Muhammad Arham, 2010). A series of corporate scandals including the banking world has even occurred in Islamic banks has shaken the business world, especially the business world labeled sharia.

Kotler has also recounted a series of scandals ranging from the bankruptcy of the big company Enron to the controversial AIG insurance scandal (Philip Kotler, 2004). Those who run Islamic banking businesses need to reflect a lot and learn from the stories of these companies. Violation of values will have an impact on decreasing customers which will lead to the destruction of the company. The decision process with the aim of goodness is what is being studied seriously in the current leadership issue (MB Khan and NN Sheikh, 2016). In this case, Hassi revealed that some problems in the contemporary workplace such as the preservation of organizational culture, recruitment, or development trainings can be handled with Islamic methods and approaches such as discursive methods, Halaqa, apprenticeship (apprenticeship), and probationary appointments.

Some of these elements can be applied as a rule in the workplace, and receive serious attention not only in the training process, but starting from the recruitment of new employees so as to generate linkages between members of a company (Abderrahman Hassi, 2012). Human spirituality or human spirit is currently widely referred to as one part of solving the problems above. The presence of spirituality strengthens thoughts about leaders and leadership. Spirituality is a magnet in business (KA Phipps, 2012). Leaders who have a spiritual side will focus more on increasing the values in the company that are important for the good of individuals and organizations, and are often claimed to be a determining factor in the success and performance of the company (M. Naor, et al, 2008).

As a result, their words and actions inspire the awareness of others including the employees they lead about universal truths (LWJ Fry, 2009). In addition to Covey who discusses leadership, organization and human development (HRD), Louis W. Fry proposes a leadership theory with an intrinsic model that includes several aspects such as love, vision, hope, altruistic, and what he calls "calling" (making a difference, and living a meaningful life) (LWJ Fry, 2009). The purpose of spiritual leadership according to Fry is to create a harmony of values and vision, and ultimately encourage commitment to the organization and productivity.

Kelly A. Phipps shows that the spirituality of a leader significantly influences strategic decision making with automatic filters and frames (KA Phipps, 2012). The explanation above

explains that scholars in the field of spiritual leadership place more emphasis on interpersonal aspects such as employee satisfaction and empowerment. Interpersonal leadership is practically described by Covey as a complete personal model circle with the soul as the driving force of the mind, body, and heart. In religious teachings such as Islam, many examples of interpersonal leadership have been revealed and can be exemplary. Syakir Sula said Muhammad as a prophet and born into a businessman family was considered worthy to be an example (Hermawan Kartajaya and Muhammad Syakir Sula).

In this context Muhammad is positioned as an ordinary human being. His business talent was obtained from his father, even to his great-grandfather (Ika Yulia Fauziah, 2013). As Covey said that trust will come through example. This will be found when tracing the life story of Muhammad. It is called *The Spirit of Trust* by Ika Yulia Fauziah. In line with his view, trust is the basis in the business world, including spiritual-based marketing. Muhammad's success can be seen to this day, as a disseminator of the new product of Allah (Islam). He succeeded in spreading Islam, making his followers loyal, even this religion can be sustainable from time to time.

Muhammad is called a leader who has a leadership style that is centered on himself. This study will examine whether the leadership style has an influence on the quality of employee performance. The company that will be used as a sample or research case is Bank Syariah Mandiri. As a business institution that claims to carry out Islamic values as a driving force for its corporate culture, it is very appropriate if the Character Centered Leadership model is tested whether it is one of the determining factors that make this bank successful and become the top Islamic bank in Indonesia.

The character-centered leadership model or known as Character Centered Leadership was once applied by the Prophet Muhammad SAW and became a new role model in leadership style. some of the indicators are: 1) Increase people's awareness. Muhammad SAW raised awareness of what was right, just and lawful (halal) during the period of jahiliyyah or ignorance. 2) Helping his people to see that the common interest is much better. 3) Intellectual stimulation. The intellectual stimulation needed to challenge the jahiliyyah is divinely ordained in the word of the first revelation: "Iqra" which means "Read!" 4) Charismatic. According to Stone et al. (2004), leaders who demonstrate integrity in ethical behavior become role models admired by followers, respect and pattern themselves are charismatic leaders. 5) Individual consideration and attention. Muhammad SAW noticed personal differences among his followers (Humphreys, 2005). 6) Inspirational motivation.

The transformational leadership dimension (Avolio and Bass, 1991) is characterized by high expectation communication, use of symbols to focus efforts and simple pronunciation of important goals. Employee loyalty is the loyalty that employees can give to the company where they work. Loyalty is one of those things that money can't buy. Loyalties can only be obtained, but cannot be bought, getting loyalty from someone is not an easy job to do, in contrast to the difficulty of getting it, eliminating someone's loyalty is actually a very easy thing to get rid of. Employee loyalty is the loyalty that employees can give to the company where they work. Loyalty is one of those things that money can't buy.

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easy thing to get rid of. This is then interesting to discuss regarding the influence of Character Centered Leadership on the loyalty of Islamic Banking employees.

## 2. Methods and Materials of the Study

This study uses quantitative research with the type of hypothesis testing. The reason for using this type of research is because this study uses a certain population or sample, the sampling technique is done randomly, data collection uses research instruments, data analysis is quantitative/statistical with the aim of testing the established hypothesis. The population in this study were employees of Bank Mandiri Syariah in South Sulawesi. The sample in this study uses non-probability sampling, a sampling technique that does not provide equal opportunities for each element or member of the population to be selected as a sample.

The sampling technique is purposive sampling, namely the sampling technique of data sources with certain considerations. The types and sources of data used in this study are (a) Primary data are all data obtained by researchers through data collection techniques, including questionnaires, interviews, and documentation. (b) Secondary Data is data obtained indirectly from sources of information that are not attempted by the researchers themselves. For example in the form of reports, documents, literature and readings related to this research.

Data collection techniques in this study were questionnaires and interviews. Questionnaire is a method of collecting data by providing a list of questions that are distributed to service user customers. While interviews, namely the collection of data obtained through direct question and answer with respondents. The analytical technique used in this research is multiple regression analysis. Regression analysis is a statistical technique that can be used to describe the relationship between two or more variables for quantitative variables. Multiple linear regression aims to calculate the magnitude of the effect of two or more independent variables on one dependent variable and predict the dependent variable using two or more independent variables.

Furthermore, hypothesis testing is done either partially (t test), simultaneously (F test), and the coefficient of determination (R<sup>2</sup>). The t-statistical test basically shows how far the influence of one explanatory/independent variable individually in explaining the variation of the dependent variable. Simultaneous test with F test aims to determine the joint effect of independent variables on the dependent variable. If  $F_{count} > F_{table}$  then  $H_0$  is rejected and  $H_a$  is accepted, meaning that the independent variable simultaneously has a significant effect on the dependent variable. The coefficient of determination (R<sup>2</sup>) essentially measures how far the model's ability to explain variations in the dependent variable is.

## 3. Data Analysis and Discussion

### 3.1 Descriptive Analyze

#### a) Leadership Variable

Based on the results of the study, an overview of the respondents' assessment responses to the leader's questions was obtained which can be seen from the following table:

**Table 1. CCL1**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid TS	6	6.0	6.0	6.0
N	24	24.0	24.0	30.0
S	51	51.0	51.0	81.0

SS	19	19.0	19.0	100.0
Total	100	100.0	100.0	

**Source : Processed Primary Data by SPSS V.21 .**

Table 4.1 Shows respondents' responses to questions. The leader where I work is a person who increases the awareness of his employees. The above shows that most of the assessments Disagree 6 people, Neutral 24 people, Agree 51 people, and Strongly agree as many as 19 people.

**Table 2. CCL2**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STS	1	1.0	1.0	1.0
TS	24	24.0	24.0	25.0
N	28	28.0	28.0	53.0
S	34	34.0	34.0	87.0
SS	13	13.0	13.0	100.0
Total	100	100.0	100.0	

**Source : Processed Primary Data by SPSS V.21 .**

Table2 Respondents' responses to questions The leader where I work is a person who increases the awareness of his employees. The above shows that most of the assessments Strongly disagree 1 person, Disagree 24 people, Neutral as many as 28 people, Agree 34 people, and Strongly agree 13.

**Table 3. CCL3**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STS	16	16.0	16.0	16.0
TS	36	36.0	36.0	52.0
N	26	26.0	26.0	78.0
S	20	20.0	20.0	98.0
SS	2	2.0	2.0	100.0
Total	100	100.0	100.0	

**Source : Processed Primary Data by SPSS V.21 .**

Table 4.3 Respondents' responses to the question The leader where I work provides the intellectual stimulus above shows that most of the assessments Strongly disagree 16 people, Disagree 36 people, Neutral as many as 26 people, Agree 20 people, and Strongly agree 2.

**Table 4. CCL4**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid TS	18	18.0	18.0	18.0
N	37	37.0	37.0	55.0
S	37	37.0	37.0	92.0
SS	8	8.0	8.0	100.0

Total	100	100.0	100.0	
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**Source : Processed Primary Data by SPSS V.21 .**

Table 4 Respondents' responses to questions The leader where I work is a charismatic figure above shows that most of the assessments Disagree 18 people, Neutral 37 people, Agree as many as 37 people, and Strongly agree 8 people

**Table 5. CCL5**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STS	9	9.0	9.0	9.0
TS	30	30.0	30.0	39.0
N	31	31.0	31.0	70.0
S	29	29.0	29.0	99.0
SS	1	1.0	1.0	100.0
Total	100	100.0	100.0	

**Source : Processed Primary Data by SPSS V.21 .**

Table 5 Respondents' responses to questions The leader where I work gives individual attention according to the characteristics of the employees above. It shows that most of the assessments Strongly disagree 9 people, Disagree 30 people, Neutral 31 people, Agree 29 people, and Strongly agree 1 person.

**Table 6. CCL6**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid STS	2	2.0	2.0	2.0
TS	24	24.0	24.0	26.0
N	29	29.0	29.0	55.0
S	37	37.0	37.0	92.0
SS	8	8.0	8.0	100.0
Total	100	100.0	100.0	

**Source : Processed Primary Data by SPSS V.21 .**

Table 6 Respondents' responses to questions The leader where I work is a figure who inspires his employees. The above shows that most of the assessments Strongly disagree 2 people, Disagree 24 people, Neutral 29 people, Agree 37 people, and Strongly agree as many as 8 people.

b) Loyalty Variable

The results of the study, obtained an overview of respondents' assessment responses to loyalty questions which can be seen in the following table:

**Table 7. LOYAL1**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid STS	1	1.0	1.0	1.0
TS	15	15.0	15.0	16.0
N	47	47.0	47.0	63.0
S	34	34.0	34.0	97.0
SS	3	3.0	3.0	100.0
Total	100	100.0	100.0	

**Source : Processed Primary Data by SPSS V.21 .**

Table 7 Respondents' responses to the question I am an employee who works on time above shows that most of the assessments Strongly disagree 1 person, Disagree 15 people, Neutral 47 people, Agree 34 people, and Strongly agree 3 people.

**Table 8. LOYAL2**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid TS	24	24.0	24.0	24.0
N	45	45.0	45.0	69.0
S	28	28.0	28.0	97.0
SS	3	3.0	3.0	100.0
Total	100	100.0	100.0	

**Source : Processed Primary Data by SPSS V.21 .**

Table 8 Respondents' responses to the question I am an employee who works as well as possible above shows that most of the assessments Disagree 24 people, Neutral 45 people, Agree 28 people, and Strongly agree as many as 3 people.

**Table 9. LOYAL3**

	<b>Frequency</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid STS	10	10.0	10.0	10.0
TS	49	49.0	49.0	59.0
N	27	27.0	27.0	86.0
S	14	14.0	14.0	100.0
Total	100	100.0	100.0	

**Source : Processed Primary Data by SPSS V.21 .**

Table 9 Respondents' responses to the question I am an employee who dares to take risks above shows that most of the assessments Strongly disagree 10 people, Disagree 49 people, Neutral 27 people, and Agree as many as 14 people.

**Table 10. LOYAL 4**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid TS	6	6.0	6.0	6.0
N	39	39.0	39.0	45.0
S	46	46.0	46.0	91.0
SS	9	9.0	9.0	100.0
Total	100	100.0	100.0	

**Source : Processed Primary Data by SPSS V.21 .**

Table 10 Respondents' responses to the question I am an employee who has creative ideas above show that most of the assessments Disagree 6 people, Neutral 39 people, Agree 46 people, and Strongly agree as many as 9 people.

**Table 11. LOYAL 5**

	Frequency	Percent	Valid percent	Cumulative percent
Valid STS	2	2.0	2.0	2.0
TS	32	32.0	32.0	34.0
N	40	40.0	40.0	74.0
S	25	25.0	25.0	99.0
SS	1	1.0	1.0	100.0
Total	100	100	100	

**Source : Processed Primary Data by SPSS V.21 .**

Table 11 Respondents' responses to the question I am an employee who understands the authority and responsibility given by the leadership above shows that most of the assessments Strongly disagree 2 people, Disagree 32 people, Neutral 40 people, Agree 25 people, and Strongly agree 1 person .

**Table 12. LOYAL6**

	Frequency	Percent	Valid percent	Cumulative percent
Valid STS	3	3.0	3.0	3.0
TS	25	25.0	25.0	28.0
N	49	49.0	49.0	77.0
S	17	17.0	17.0	94.0
SS	6	6.0	6.0	100.0
Total	100	100	100	

**Source : Processed Primary Data by SPSS V.21 .**

Table 12 Respondents' responses to the question I am an employee who is always honest above shows that most of the assessments Strongly disagree 3 people, Disagree 25 people, Neutral 49 people, Agree 17 people, and Strongly agree 6 people.

**Table 13. LOYAL7**

	Frequency	Percent	Valid percent	Cumulative percent
Valid STS	1	1.0	1.0	1.0
TS	8	8.0	8.0	9.0
N	36	36.0	36.0	45.0
S	48	48.0	48.0	93.0
SS	7	7.0	7.0	100.0
Total	100	100	100	

**Source : Processed Primary Data by SPSS V.21 .**

Table 13 Respondents' responses to my question I am an employee who always maintains good work results above indicate that most of the assessments Strongly disagree 1 person, Disagree 8 people, Neutral 36 people, Agree 48 people, and Strongly agree 7 people.

#### **4. Hypotesis Analyze**

##### **4.1 The Influence Of Character Centered Leadership On The Loyalty Of Bank Mandiri Syariah Employees In South Sulawesi**

Based on the results of the research found that there is an influence of Character Centered Leadership on the loyalty of Bank Mandiri Syariah employees in South Sulawesi, this is proven from the following table.

**Table 14 Correlation and Coefficient of Determination Model Summary**

Model	R	R Square	Adjusted Square	R	Std.Error of the estimate
1	,582a	,338	,332		2,63387

a. Predictors: (Constant),

**Source : Processed Primary Data by SPSS V.21 .**

From Table 14 above, it is obtained that the R value = 0.582a this value can be interpreted that the relationship between the two research variables exists but is categorized as weak. Through this it is also obtained that the value of R Square = 0.338 can be interpreted that the variable (X) has a 33.8% contribution effect on the variable (Y).

##### **4.2 The Influence Of Character Centered Leadership On The Loyalty Of Bank Mandiri Syariah Employees In South Sulawesi**

Based on the results of the study, it was found that the influence of Character Centered Leadership on Employee Loyalty was Significant, this is proven in the table below.

**Table 15 ANOVAa**

Model		Sum of squares	Df	Mean square	F	Sig
1	regression	347,857	1	347,857	50,143	,000b
	residual	679,853	98	6,937		
	total	1027,710	99			

a. Dependent Variable: LOYAL

b. Predictors: (Constant), CCL

**Source : Processed Primary Data by SPSS V.21 .**

Table 15 Based on the significance value test (Sig), if the value of sig = 0.000 > 0.05 then the effect of Character Centered Leadership on the loyalty of Bank Mandiri Syariah employees in South Sulawesi is significant.

**Table 16 t test (Partial)**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std error	Beta		
1 (constant)	9,632	1,736		5.545	,000
CCL	,634	,090	,582	7,081	,000

a. Dependent Variable: LOYAL

Source : Processed Primary Data by SPSS V.21 .

The significant value in the table above is 0.000 > 0.05, thus the regression equation model is based on the data on the effect of Character Centered Leadership on employee loyalty at Bank Mandiri Syariah in South Sulawesi. Significant means that the linear regression model meets the linearity criteria.

## 5. Conclusion

Based on the results of the study, it was found that there was an influence of Character Centered Leadership on the loyalty of Bank Mandiri Syariah employees in South Sulawesi with the result that the R value = 0.582a this value can be interpreted that the relationship between the two research variables exists but is categorized as weak. Through this it is also obtained that the value of R Square = 0.338 can be interpreted that the variable (X) has a 33.8% contribution effect on the variable (Y). It was also found that based on the significance value test (Sig) was 0.000 > 0.05, the effect of Character Centered Leadership on the loyalty of Bank Mandiri Syariah employees in South Sulawesi was significant.

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