A Review of Islamic Leadership's Effectiveness in Islamic-Based Institutions

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A Review of Islamic Leadership's Effectiveness in Islamic-Based Institutions

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Abstract
Background and Objective: Studies related to Islamic leadership focus on various aspects including the nature of a leader, the relationship between leaders and followers, and the positive implications of Islamic leadership on the organization. In order to ensure the effectiveness of Islamic-based institutions, it is very important to consolidate previous studies related to the effectiveness of Islamic leadership in Islamic-based institutions for future reference.

Materials and Methods: This paper aimed to summarize the researches published in the field of Islamic leadership. This paper systematically reviewed research papers on Islamic leadership in Islamic based institutions published between 2017 and 2022. A total of 13 papers related to the scope of Islamic leadership in Islamic based institutions were critically reviewed.

Conclusion: The paper concluded that there are six main positive implications of Islamic leadership on Islamic based organizations.

Keywords: Leader, Islamic, Malaysia, Waqf, Review

Introduction

Islam is a religion of kindness lilalamin, as evidenced by the fact that Islam offers ideal teachings that cover all elements of human beings, such as peace, harmony, and love. As a result, the leader plays a crucial role in ensuring that all these characteristics are implemented among his followers. Razak et al (2020) contended that the successful use of language through speech and words is not limited to rhetoric in Islamic leadership. Instead, it is distinguished by a leadership personality that embodies the traits of a trustworthy leader and of which adheres to the Quran and Sunnah. The characteristics of the Prophet Muhammad SAW's leadership make up the foundation and aspects of effective leadership, driving improved employee performance and ethics, eventually reaching organisational fulfilment, goals, and members’ happiness.

Basically, leadership effectiveness can be determined by a variety of factors. In general, effective leadership can be considered as the ability of individuals in positions of leadership to accomplish their jobs with good organisational outcomes (Pranitasari, 2020). Through this, trust is considered as the most important antecedent in forming a link between employees
and leaders, since trust is also a significant trait related to leadership. Nevertheless, Schuetz (2017) perceived that effective leadership is a combination of a leader and a manager, with the leader being able to do the right thing and the management being able to lead towards achieving the organization's success. Madanchian et al (2017) demonstrated and validated the diversity of measurable dimensional aspects of leadership effectiveness. Due to the many disagreements among scholars about what leader effectiveness is and how it should be measured, numerous studies and theories have been generated.

Table 1
Outcome used to assess leader effectiveness (Madanchian et al., 2017)

<table>
<thead>
<tr>
<th>Outcomes</th>
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<tbody>
<tr>
<td>1. Leader effectiveness rating based on specific leader outcomes such as:</td>
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<td>a) The performances of the leader’s organizational unit</td>
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<td>b) The leader’s ability to act innovatively</td>
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<tr>
<td>c) The followers’ satisfaction and commitment</td>
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<td>d) The leader’s promotion to a higher level in the organization</td>
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<tr>
<td>2. Advance subordinates’ job satisfaction</td>
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<td>4. Advance subordinates’ commitment and performances</td>
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<td>5. Improve decision making</td>
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<td>6. Improve group performance</td>
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<td>7. Increase subordinates’ satisfaction and performances</td>
</tr>
</tbody>
</table>

Specifically, studies on the effectiveness of Islamic leaders among Islamic institutions also found a variety of effects. Thus, this article aims to look at and review articles related to the impact of the effectiveness of leaders on Islamic based organizations. The research was carried out from March to July 2022 and was based on several sources of articles.

The Impact of the Effectiveness of Islamic Leaders on Islamic based Organizations

Islamic leadership serves as a bridge used by leaders to influence the attitudes and behaviors of their members to achieve certain objectives (Dzulfida et al., 2020). Not only that, leadership from the Islamic perspective is a noble position mandated to solve human problems and to guide people towards performing eternal goodness here and in the hereafter. A leader in Islam plays a very important role in governing and managing an organization, especially in those that are Islamic based (Hidayatullah & Fa’izah, 2021). Such leadership must be based on the principles of Islamic leadership derived from the Quran and the Sunnah of the Prophet Muhammad SAW and his companions. As leadership is based on Islamic principles, it has various positive implications for leaders, employees and organizations as a whole as demonstrated by numerous past studies.

Mursyidah and Amira (2018) added that a person who has a strong foundation of Islam has the ability to lead others to acquire “Al-Rahmah”. According to Jabatan Kemajuan Agama Islam (2019), the two attributes of God i.e. the most loving (Maha Pengasih) and the most compassionate (Maha Penyayang) come from the word Rahmah. In the age of ignorance (Zaman Jahiliah), which was before the time of the Prophet Muhammad PBUH and Islam, people lived in misery. This is because the majority of weak people were oppressed by the more dominant people. At that time, there was no law that could bring justice to the society.
This is aligned with the assertion made by Mursyidah and Amira (2018) that "Al-Rahmah" can be defined as the nature of love and willingness to make sacrifices to protect others. "Al-Rahmah" can ensure the well-being of the society and builds a harmonious organization. The nature of “Rahmah” or love is a gift from Allah SWT and is very valuable for all mankind. One of the proofs of Allah SWT’s mercy is the “Rahmah” He provided for the world through Prophet Muhammad PBUH as the Rahmatan Lil Alamin (Jabatan Kemajuan Agama Islam). Leaders and followers who practice the nature of "Al-Rahmah" will tend to care, pay attention, help, tolerate, and take care of each other while influencing people in the organization to behave in a way that is in accordance with Islamic ethical behaviour. Yudhita (2021) also added that Islamic leadership can help produce generations that possess vision, quality and “Rahmah”.

Various previous studies had shown that Islamic leadership based on the Quran and Sunnah has positive implications for organizations. This is because Islam always teaches its followers to achieve maslahah and completely reject masfadah (Sarif & Ahmad, 2018). The practice of achieving maslahah and completely rejecting masfadah means that the person is wise enough to only do good. Islamic leadership based on the four cardinal virtues can be viewed from several perspectives including Islamic paternalistic leadership, Islamic ethical leadership, Islamic and spiritual leadership and many others. Each of these perspectives has the same main principle, which is that Islamic leadership is based on the Qur’an and the Sunnah of the Prophet Muhammad. Such Islamic teaching that is present in the leader will give positive implications to his followers to behave well and to improve organizational performance, organizational effectiveness, organizational commitment, and job satisfaction (Nauman et al., 2018). This will be explained in further detail in the following sub-sections.

**Employee Ethical Behavior**

Ethics at the workplace can be considered as a moral code that directs the employees’ behavior in terms of what is right and wrong. In every Muslim’s undertaking, Islamic principles place value on reliability and honesty. It cannot be denied that Islamic leadership can form an ideal ethical behaviour among employees (Mutalib et al., 2017). This is because the leader himself must possess an excellent character and moral virtues based on Islamic principles, the Quran, and the sunnah of Prophet Muhammad PBUH. This is supported by Monjur (2010) who verified that a Muslim leader must have the characteristics of an individual with Iman, is physically and mentally matured, performs Amal-e Salah in his daily life while performing duties, has taqwa, fears Allah, as well as practices the virtues of justice, patience, tolerance, trust, musyawarah, ihtisab, wisdom, and spirit to sacrifice. The scholar also claimed that leaders are role models for their followers via their demonstration of ethical behavior (Monjur, 2010). For example, Islamic leadership deeply respects the views of each of its followers based on the concept of deliberation (Musyawarah). Musyawarah is a forum from an Islamic perspective where every member present in the meeting can give opinions, ideas and solve problems (Masri, 2021). Islamic leaders who respect the opinions of their followers will influence the behavior of the followers to also respect others’ opinions.

The study by Anadol and Behery (2020) proved that the humanistic leadership approach which is aligned with Islamic values can influence employees to behave more ethically and holistically. This is because Islamic leadership hold the principles of benevolent and moral values that can develop the employees’ ethical behavior and Islamic work ethic (Chaudhary...
Islamic work ethics can be defined as work assignments carried out based on the Islamic way and of which can distinguish between bad and good attitudes and actions. The characteristics of Islamic leadership namely humility, respect, care, fairness, transparency, well-being, orientation, generosity, and family focus can ensure the ethical behavior and well-being of the followers (Anadol & Behery, 2020). For example, Dr. Eesa who is the president of the University of Dubai conducts various activities to inculcate the nature of ethical behavior among his followers while at the same time monitoring their well-being. Dr. Eesa practices the “Happiness Plan” initiative. One of its activities is "Walk at Work" whereby on every working day, he will invite the staff to follow him on a walk-in campus to socialize and talk to each other about their well-being, struggles, and challenges. This will ensure the welfare of his followers, encouraging them to follow Dr. Eesa’s behaviour and ensuring that they practice the Islamic principle. This is supported by Chaudhary et al. (2021) in their research on employees in the healthcare sector in Pakistan. They found that paternalistic leadership based on Islamic ethics could influence subordinates to have a sense of responsibility to help their colleagues.

Organizational Performance

Organizational performance can be measured through the current performance of the organization and the goals to be achieved. This allows the management to improve various aspects in the organization to achieve the set mission and vision (Hooi & Payambarpour, 2017). There are many ways to improve the performance of an organization. One of them is through the presence of Islamic leadership. According to Zaim et al (2021), Islamic Leadership can increase team performance in the private sector in Iraq. This is because Islamic leaders follow the teachings of Islam and acquire the values of justice, wisdom, temperance, and courage. By using the social exchange logic theory, followers tend to learn and make leaders as their role models from behavioral aspects (Emerson, 1976). The presence of Islamic leadership in current organizational practices can bring harmony to the overall performance of the organization.

This is supported by a study on a Madrasah, an Islamic educational institution in Indonesia which found that Islamic values by Madrasah heads (leaders) have a positive relationship with the teachers’ performance (Muwahid, 2018). The head of the Madrasah implemented strategies to motivate their followers by using one of the Islamic leadership styles which is Musyawarah. In the study, each of the participants is free to judge and evaluate the performance between the leader and the followers. They are open to criticism and views of each other. In fact, every issue or problem can be raised during the Musyawarah so that they can help each other. With this strategy, all the teachers are motivated to perform better. Leaders for this madrasah also mobilize the teachers’ performance by encouraging teachers to follow the program or continue their learning at the Master’s degree level to enhance their abilities. Thus, this gives a positive impact to the school’s performance.

Organizational Effectiveness

In order for an organization to cope with the current business environment and experience long term success, organizational effectiveness is very crucial. Every aspect of Islamic leadership is proven to be crucial in ensuring management effectiveness. This is because Islamic leadership is one of the solutions for addressing various management issues in this era (Javed et al., 2020). For instance, according to the study by Sharffizie et al (2022), a
leader must be capable of choosing the most appropriate communication style such as motivating language in order to enhance management effectiveness and productivity in Malaysian Islamic Waqf institutions. Motivating language is a model for understanding the use of leadership language and for measuring the effectiveness of leadership language on the followers (Mayfield et al., 1995). Sharfizie et al (2022) suggested that leaders in Islamic Waqf institutions practice the use of motivating language and use Islamic-appropriate words when communicating with their followers while carrying out their duties. This is because such language can influence Islamic ethical values and principles such as honesty and truthfulness, as well as ensure the effectiveness of the institution.

Javed et al (2020) added that the presence of Islamic leadership styles has a positive relationship with the effectiveness of the management in Information and Communication technology companies in Jeddah, Makkah. According to the researchers, Islamic leaders have positive implications on the quality of employees. This is because a leader needs to guide his employees or followers under him to achieve collective goals and Al-Falah, as well as being able to convey visions clearly. Being a good leader will win the support of followers and produce excellent teamwork among workers (Badawi & Beekun, 1999). Hence, the qualities of Islamic leaders such as being honest, trustworthy, hardworking, dedicated to work, and creative in carrying out tasks will ultimately improve the effectiveness of employees and organizations.

Organizational Commitment

In order to achieve organizational effectiveness as described in the previous subsection, organizations should form a team that is highly committed to achieve their strategic objectives (Herrera & de Las Heras-Rosas, 2021). Organizational commitment can be defined as the extent to which commitment is shown by the employees of an organization (Tommy & Suyasa, 2008). This proves how important organizational commitment is. In fact, research found that Islamic leadership specifically can increase organizational commitment. Zaim et al (2021) in his study on private schools in Iraq found that a religious leader who implements Islamic Leadership can increase organizational commitment. This is because if a leader is able to lead ethically based on Islamic principles, he becomes a good example to his subordinates and ultimately increases organizational commitment and value. For example, if the leader has the virtue of wisdom, he will lead his subordinates wisely (Taylan, 2018). This will improve commitment among the subordinates to contribute more towards their organization.

Chaudhary et al (2021) found that the elementary practices of Islamic values mediate the relationship between leadership and team commitment. A mediator acts as a variable that can be a potential mechanism by which an independent variable can produce changes on a dependent variable. According to the authors, an Islamic leadership style with the virtues of benevolence and morality can influence the efficiency, continuance and commitment among nurses in the healthcare sector in Iraq and ultimately increase organizational commitment. Such leadership styles entail a leader who acts like a father, building a family environment and caring for and leading his followers as if they were family members. This will build a productive and supportive environment, and ultimately increase the employees' commitment. This is aligned with the finding of Zaim et al (2021) which argued that the cardinal elements of virtue by Al Ghazali namely wisdom, courage, temperance, and justice in Islamic leadership have a positive relationship with organizational commitment.
Job Satisfaction

In this globalization era, employees are the most valuable asset for an organization (Culibrk et al., 2018). This shows that organizations should prioritize job satisfaction among employees because they play an important role for the organization to remain competitive. Islamic leaders have been proven to produce job satisfaction among workers. As suggested by Zahratul and Andriansyah (2019), Islamic leadership that is based on the Al Ghazali principle prioritizes the goodness and well-being of its followers in the here and hereafter. The authors claimed that a leader is like a servant to the people he leads and that the leader has to lead his followers in the same way he wants to be led. With such leadership style, it will definitely affect job satisfaction among the followers. Job satisfaction among employees will provide positive implications such as lower turnover, higher productivity, improved loyalty, increased profits, and a more positive working environment. This is supported by Sholikhah et al (2019) in the context of Islamic education institutions in Indonesia that when employees feel valued, their sense of self-worth and self-esteem increases. This increased self-worth and self-esteem is critical in creating loyalty, morale, and productivity. Islam always teaches its followers to help a person in need. Leaders with Islamic values will give positive implications towards personal job satisfaction and their subordinates when they can help their colleagues (de Clercq et al., 2018). Sholikhah et al (2019) argued Islamic leadership and Islamic workplace spirituality can effectively enhance job satisfaction and eventually organizational performance. Islamic workplace spirituality can be defined as individuals who maintain their beliefs in carrying out daily tasks at the workplace.

Furthermore, the study by Imam et al (2019) in the education sector in Indonesia found that the understanding of the concept of Rahmatan Lil Alamin influences the quality of a community in a school including job satisfaction. Islamic Leadership style prioritizes ethics such as respecting and caring about their subordinates. Followers with workplace spirituality and who are led with a true Islamic leadership style are able to improve their job satisfaction and performance. This is because the leader has given meaning to the followers in their daily work. Rahmatan Lil Alamin can be defined as the understanding of the Quran and Hadith for the good of all human beings, nature and the environment (Yudhita, 2021). This proves the effectiveness of Islamic teaching in ensuring the well-being of the society. This is aligned with the finding of Meiyani and Putra (2019) that Islamic leadership can positively increase employee engagement and lead to job satisfaction in the context of the private sector in Indonesia. Islamic leadership which focuses more on values, attitudes and behaviour to motivate followers through spiritual well-being can make the followers feel appreciated. Islamic spiritual leadership can have an impact on the intrinsic well-being of the followers by instilling passion and driving higher vision (Sholikhah et al., 2019).

Employee Creativity and Innovation

Galanou and Farrag (2015) also found that Islamic leadership is related to transformational leadership, and will eventually enhance innovation. They proved this by studying the corporate sector in Qatar where they found that most of the respondents agree that Islamic leadership can influence innovation. This is because leaders who have an Islamic leadership style can be the agents of change, driving their followers to acquire religious piety and become more innovative. Islamic leadership fosters the sense of duty among employees because duty is “amanah” in Islam. Every aspect of Islamic leadership is proven to be crucial in ensuring innovation and performance of the subordinates. Islamic leadership style
prioritizes and encourages employees to be more motivated and ultimately influences them to be more innovative.

Islamic leadership is closely related to spiritual leadership, paternalistic leadership and ethical leadership. This is because Islamic teachings are based on the Al-Quran and the Sunnah of the Prophet Muhammad, whereby followers are always encouraged to do good (Abdullatif & Sharif, 2020). According to Alblooshi et al (2020), spiritual leadership, paternalistic leadership and ethical leadership have a positive relationship with organizational innovation. The study by Sholikhah et al (2019) which found the positive impact of spirituality leadership on Islamic education institutions was supported by Escrig et al (2016), which argued that spiritual leadership is able to foster organizational learning and ultimately create a more innovative business. The organization's ability to learn can be defined as the process of acquiring knowledge from internal and external sources. Organizational learning processes are able to improve performance and drive innovation incrementally or radically. Likewise, the study on paternalistic leadership by Chaudhary et al (2021) in the healthcare sector in Pakistan also found a similar finding. According to Hou et al (2019), innovation among employees is influenced by all aspects of paternalistic leadership. The authors also stated that in a dynamic organizational environment, moral paternalistic leadership is also able to influence employees to innovate. The study by Anadol and Behery (2020) on the link between the humanistic leadership approach and Islamic ethical values was supported by the study of Chen and Hou (2016). These researchers argued that leaders with ethical behavior are role models for their followers. An ethical leader will act fairly towards all his employees. For example, the leader will give equal opportunities to all employees to voice their opinions and suggestions regarding the work process. This shows that encouragement from ethical leaders makes employees think more creatively.

Conclusion

Based on the teachings of the Al-Quran and the Prophet Muhammad PBUH, blessing (Rahmah) is given by Allah to organizations that practice these teachings so that they can prosper limitlessly. The following papers are indicative that positive implication awaits an organization if leadership based on the teachings of the Al-Quran and the Prophet Muhammad is implemented. The leaders’ Islamic values has positive impacts towards improving their performance, effectiveness, commitment, job satisfaction, creativity and innovation. This proves the importance of Islamic-based leadership in Islamic-based institutions.

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The Literature Review and Synthesis of Islamic Leadership

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<th>Findings</th>
<th>Sector</th>
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<td>(Muwahid, 2017)</td>
<td>Madrasah heads’ leadership styles positively affect the performance of the teachers and the organization.</td>
<td>Islamic Education</td>
</tr>
<tr>
<td>2</td>
<td>(Anadol &amp; Behery, 2020)</td>
<td>The president’s Islamic values and humanistic leadership can influence employees' ethical behavior.</td>
<td>Islamic Education</td>
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<td>3</td>
<td>(Khairul Hidayutallah &amp; Ummi Fa'izah, 2021)</td>
<td>Islamic leaders play important roles during crisis.</td>
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<td>4</td>
<td>(Javed et al., 2020)</td>
<td>Islamic leadership values can ensure organizational effectiveness.</td>
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<td>5</td>
<td>(Sholikhah et al., 2019)</td>
<td>Islamic leadership values can enhance organizational commitment among employees and eventually organizational performance.</td>
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<td>6</td>
<td>(Zaim et al., 2021)</td>
<td>Islamic leadership values are positively associated with leadership effectiveness and organizational performance.</td>
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<td>Islamic leadership that is based on Imam Al-Ghazali’s thought can increase organizational performance and commitment.</td>
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<td>(Zahratul &amp; Andriansyah, 2019)</td>
<td>Islamic leadership that is based on Imam Al-Ghazali’s thought can facilitate the pursuit of happiness among employees (Job Satisfaction).</td>
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<td>9</td>
<td>(Meiyani &amp; Putra, 2019)</td>
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<td>(Chaudhary et al., 2021)</td>
<td>Islamic leaders enhance their subordinates’ commitment and helping behavior.</td>
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<td>11</td>
<td>(de Clercq et al., 2018)</td>
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<td>12</td>
<td>(Sharfizie et al., 2022)</td>
<td>The leader’s choice of language improves employee motivation and ultimately institutional productivity and effectiveness.</td>
<td>Islamic Charitable Organization (Waqf)</td>
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<tr>
<td>13</td>
<td>(Nauman et al., 2018)</td>
<td>Islamic leadership has a positive relationship with performance, employees’ ethical behavior, employees’ commitment, job satisfaction, and reduces job turnover.</td>
<td>Islamic Organization</td>
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References


