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## The Role of the Work Environment as a Mediation for the Effect of Leadership Style on the Performance of Banking Institution Employees

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**Abstract:** This study aims to determine the effect of leadership style on the performance of Bank Syariah Indonesia West Jakarta Branch employees and the role of the work environment as a mediator variable. This research was conducted using a descriptive causality approach and the SEM PLS analysis method to test and explain the connectedness of the structural model. The sample technique used was purposive sampling and the number of samples obtained was 57 respondents. The results of this study are that leadership style has a positive and significant effect on the work environment, leadership style has a negative and insignificant effect on organizational performance, work environment has a positive and significant effect on organizational performance, and work environment as a mediator of leadership style influences employee performance positively and significantly.

**Keywords:** Leadership Style, Work Environment, Employee Performance

### INTRODUCTION

Indonesia's economic growth encourages the growth of the banking industry. The period of economic crisis which is expected to come as a result of the COVID pandemic, is one of the factors that encourages banking management to pay more attention to employee performance management issues. On the one hand, competition between banking institutions remains an unavoidable situation. Many banking institutions survive and are able to grow to provide the best financial services. Several banks are growing and developing, one of which is in the West Jakarta city area, Bank Syariah Indonesia, but the percentage of growth is inversely proportional to the population with the largest Muslim majority.

In July 2022, credit grew by 10.71% (yoy) supported by increased growth in all types of credit and most economic sectors. In addition, the value of electronic money transactions grew by 39.76% (yoy) to Rp. 35.5 trillion and the value of digital banking transactions increased by 27.82% (yoy) to Rp. 4,359.7 trillion in line with the normalization of people's mobility (Limanseto, 2022). Darmansyah, (2023) emphasized that the Financial Services

Authority (OJK) assesses that financial system stability is maintained and the intermediation performance of financial service institutions is improving, which contributes to the continued recovery of the national economy amidst the economic slowdown and high global inflation, aggressive monetary policy tightening, and prolonged escalation of geopolitical tensions.

The success of banking institutions in carrying out their functions as business entities engaged in savings and loan financial services will encourage economic and business activities that have an impact on people's welfare. This is an important and challenging banking management to understand the factors that can affect employee performance. The success of banking management in managing employee performance will be an indication of the organization's success in facing competition. The success of the banking industry in the long run will drive a country's business and economic growth.

Employee performance as a result that can be shown by employees both in quality and quantity is important for the success of the organization. It was further explained that performance is what employees should do well to achieve performance (Purbasari & Septian, 2017). Performance is the result of what the organization sets out to achieve and does well (Soelton et al., 2021; Sonnentag et al., 2008).

Many studies on employee performance are related to factors that can influence it, such as leadership style, work environment, and so on. Leadership is an important factor, which allows employees to work efficiently and effectively (Agarwal, 2020). Successful leadership can be shown with the right leadership style. Leadership style is a way for a leader to encourage and direct subordinates to behave as expected to achieve organizational goals (Sugiharjo et al., 2022). Some expert opinions about the types or forms of leadership styles that are differentiated based on the way a leader directs and motivates subordinates to achieve goals that can be a manifestation of employee performance.

Leadership style refers to the overall pattern of the leader's explicit and implicit actions that are visible to employees. A good leadership style will affect the performance of an employee. Conversely, the leadership style of a leader who is not appropriate will reduce employee performance (Newstrom, 2014). In addition, leadership style can enhance an increasingly competitive work environment (Ichsan et al., 2021).

Leadership style will be more successful in building employee performance when intervened by the work environment (Dhanti, 2017). In contrast, research from (Ichsan et al., 2021) reveals that when an organization wants a good work environment to produce productive value, of course employee performance must play an important role as mediation of leadership style. So, between the work environment and employee performance are different things, but can be embedded as mediation. This research gap makes it possible to create a new concept to strengthen the results of previous research.

Relevant previous research limitations make this research even more important to do. Especially the phenomena and issues of the post-pandemic critical banking period. This requires that the work environment needs to intervene in leadership style as a strategy in each of its applications in order to create a work atmosphere that results in better performance. Therefore, the focus of this research is the Role of the Work Environment as a Mediation of Leadership Style on Employee Performance of the West Jakarta Branch of Bank Syariah Indonesia. From the subject matter that has been described, the formulation of this research can be built as follows: (a) Does leadership style affect the work environment? (b) Does leadership style affect employee performance? (c) Does the work environment affect employee performance? and (d) Is the work environment able to mediate between leadership style and employee performance?

## **LITERATURE REVIEW**

### **Leadership Style and Work Environment**

Gary Yukl in Edison et al., (2017) leadership is the process of influencing others to understand and agree with what needs to be done and how the task is done effectively, as well as the process of facilitating individual and collective efforts to achieve common goals. While the work environment is all the tools and materials encountered, the environment in which a person works, his work methods, and work arrangements both as individuals and as a group (Sedarmayanti, 2017). The relationship between leadership style and the work environment has been confirmed by (Cummings et al., 2010) suggesting that leadership that focuses on task completion alone is not enough to achieve optimal results for the nursing workforce. Efforts by organizations and individuals to encourage and develop transformational and relational leadership are needed to enhance nurse satisfaction, recruitment, retention, and a healthy work environment, particularly in the light of the current and worsening nursing shortage. This result is justified by (Dhanti, 2017) that leadership style has a positive and significant effect on the work environment. Ichsan et al., (2021) emphasized that the better the leadership, the better the environment at the Bali Provincial Women's Empowerment and Child Protection Agency. Based on the results of these studies, it can be concluded that the hypothesis:  
H1: leadership style has a significant effect on the work environment.

### **Leadership Style and Employee Performance**

There are several types of leadership styles, namely supportive leadership style, participative style and directive style. Supportive leadership style refers to the way leaders provide facilities to subordinates, participative leadership style where leaders provide opportunities for subordinates to participate in making decisions and directive style refers to the way leaders provide direction of action to subordinates in completing their tasks (Mehta et al., 2003). In a study of leadership style it was concluded that leadership style encourages better employee performance (Mehta et al., 2003). In a study conducted on banking employees in the Arab Emirates it was concluded that leadership style influences employee performance, where both transformational and democratic leadership styles can help employees achieve organizational goals and improve employee performance. Studies on public sector employees in Romania also concluded that the most important factor that generally improves performance besides motivation is leadership style (Ciobanu & Androniceanu, 2015). Based on the results of these studies, it can be concluded that the hypothesis:  
H2: leadership style has a significant effect on employee performance.

### **Work Environment and Employee Performance**

The work environment is one of the factors that determine employee performance. Creating a work environment where employees can show productivity is important to improve performance which in turn benefits the organization (Chandrasekar, 2011). Establishing a work environment that builds a feeling of comfort and safety is a challenge for management to encourage employees to meet organizational goals and improve their best work performance. Furthermore, in research conducted on employees of public organizations in India it was concluded that the work environment determines employee performance (Chandrasekar, 2011). The same results in the study concluded that the work environment affects the performance of manufacturing employees (Purbasari & Septian, 2017). The work environment is an environment that consists of equipment, work facilities and a comfortable working atmosphere that makes employees have good work performance (Babalhavaeji et al., 2009). Based on the results of these studies, it can be concluded that the hypothesis:  
H3: work environment has a significant effect on employee performance.

### **Leadership Style, Work Environment and Employee Performance**

The role of a leader with the right leadership style in the right environment will have an impact on the achievement of employee performance. The results of a study on manufacturing employees in the food and beverage industry concluded that leadership style does not affect employee performance (Purbasari & Septian, 2017). While there is a role for leaders to build a work environment that will encourage work productivity to achieve goals and improve performance. Shafie, Baghersalimi, & Barghi (2013) in their study concluded that a pragmatic leadership style is more appropriate for a stable work environment, and a transformational leadership style is more necessary and will be successful for a dynamic work environment. This means that the right leadership style will determine the right work environment to manage.

A stable work environment requires a more pragmatic leadership style to influence environmental stability which in turn has an impact on employee performance. Conversely, a dynamic work environment requires more of a transformational leadership style to deal with the dynamics of the existing work environment, which will have an impact on improving performance. That is, it is possible the need for the role of the leader to apply ways of directing and motivating employees to achieve the expected performance through the establishment of a supportive and comfortable work environment in order to improve employee performance. Based on these assumptions and theoretical studies, it can be concluded that the hypothesis:

H4: the role of the work environment significantly mediates leadership style with employee performance.

## RESEARCH

This study uses a quantitative approach. Describe profiles, characteristics, or relevant aspects of the variables observed in research, whether related to humans, organizations, industries, or others (Sekaran & Bougie, 2016). The population of this study were employees of the West Jakarta Branch of Bank Syariah Indonesia. Because the population of banking employees in Jakarta is too large, making it difficult to generalize the characteristics of the population and related to research capabilities and limitations, the type of research is purposive nonprobability and random sampling. Therefore, recommendations (Hair et al., 2014) are used to determine the number of samples, which is a minimum of between 5 and 10 times the number of indicators. On this basis, the sample that will be distributed is between 55 and 110. Furthermore, questionnaires that have been compiled via Google form and distributed using social media such as email, WhatsApp, and others. The reason for this was chosen, due to limited research time.

The selection of SEM-PLS as a research model test has followed the assumptions, limitations, and characteristics of the research object. The use of SEM-PLS has been widely used in management and organizational research (Henseler et al., 2014), the relatively small sample size in research will still achieve a good level of testing (Hair et al., 2014; Sarstedt et al., 2017), and the research model has relatively large indicators that can handle complex models with many structural model relations (Hair et al., 2014).

## RESULT AND DISCUSSION

### Respondent's Profile

Distribution of questionnaires using social media, such as email and whatsapp shown to employees of Bank Syariah Indonesia West Jakarta Branch. Based on the results of distributing the questionnaires and screening of the data, 57 samples were obtained that were eligible to be used as primary data. The resulting profiles of respondents included: Gender,

age, education, years of service and work division obtained from all respondents who participated in this study.

**Tabel 1. Gender of Respondents**

Genders	Number of Respondents	Percentage
Male	33	57,89%
Female	24	42,11%
Total	57	100%

Source: SPSS data processing

Based on Table 1 above, out of a total of 57 employees of Bank Syariah Indonesia West Jakarta West Jakarta Branch who were sampled in this study, it can be seen that the number of male respondents was 33 people with a percentage rate of 57.89%, while the number of female respondents was 24 people with a percentage rate of 42.11%.

**Table 2. Respondent Age**

Usia	Number of Respondents	Percentage
18-24 years	7	12,28%
25-34 years	32	56,14%
35-44 years	14	24,56%
>45 years	4	7,02
Total	57	100%

Source: SPSS data processing

Based on Table 2 above, from a total of 57 employees of Bank Syariah Indonesia West Jakarta West Jakarta Branch who were sampled in the study, it can be concluded that respondents aged 18-24 years totaled 7 people with a percentage rate of 12.28%, respondents aged 25-34 years totaled 32 people with a percentage rate of 56.14%, respondents aged 35-44 years totaled 14 people with a percentage rate of 24.56%, and respondents aged over 45 years were 4 people with a percentage rate of 7.02%.

**Table 3. Respondent Education**

Education	Number of Respondents	Percentage
High School/Equivalent	8	14,03%
Diploma 3	10	17,54%
Bachelor	30	52,63%
Postgraduate	9	15,80%
Total	57	100%

Source: SPSS data processing

Based on Table 3 above, out of a total of 57 employees of Bank Syariah Indonesia West Jakarta West Jakarta Branch who were sampled in the study, it can be concluded that respondents with a high school/vocational high school education level totaled 8 people (14.03%), respondents with a D3 education level totaled 10 people (17.54%), respondents with an undergraduate education level totaled 30 people (52.63%), and respondents with a Masters degree education level totaled 9 people (15.80%).

**Table 4. Respondent's Working Period**

Working Period	Number of Respondents	Percentage
<6 years	8	14,03%
1 years	11	19,30%
2 years	25	43,86%
3 years	13	22,81%



Total	57	100%
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Source: SPSS data processing

Based on Table 4 above, out of a total of 57 employees of the West Jakarta Branch of Bank Syariah Indonesia, West Jakarta who were the samples in the study. Respondents with a working period of less than 6 months totaled 8 people (14.03%), respondents with a working period of 1 year totaled 11 people (19.30%), respondents with a working period of 2 years totaled 25 people (43.86%), and respondents with a working period of 3 years totaled 13 people (22.80%).

**Table 5. Respondent Work Division**

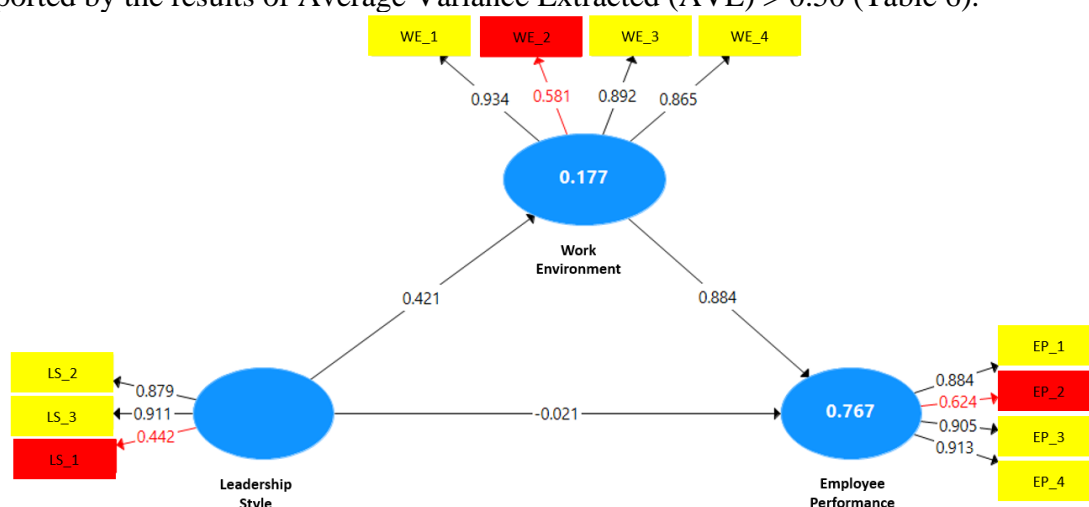
Devisi	Jumlah Responden	Persentasi
Teller	9	15,80%
Back office	26	45,61%
Customer service	8	14,03%
Account afficer	7	12,28%
Founding officer	7	12,28%
Total	57	100%

Source: SPSS data processing

Based on Table 6.5 above, out of a total of 57 employees of the West Jakarta Branch of Bank Syariah Indonesia, West Jakarta who were the samples in the study. Respondents to the teller division were 9 people (15.80%), respondents to the back office division were 26 people (45.61%), respondents to the customer service division were 8 people (14.03%), respondents to the account officer division were 7 people (12.28%), and respondents to the founding officer division were 12.28%.

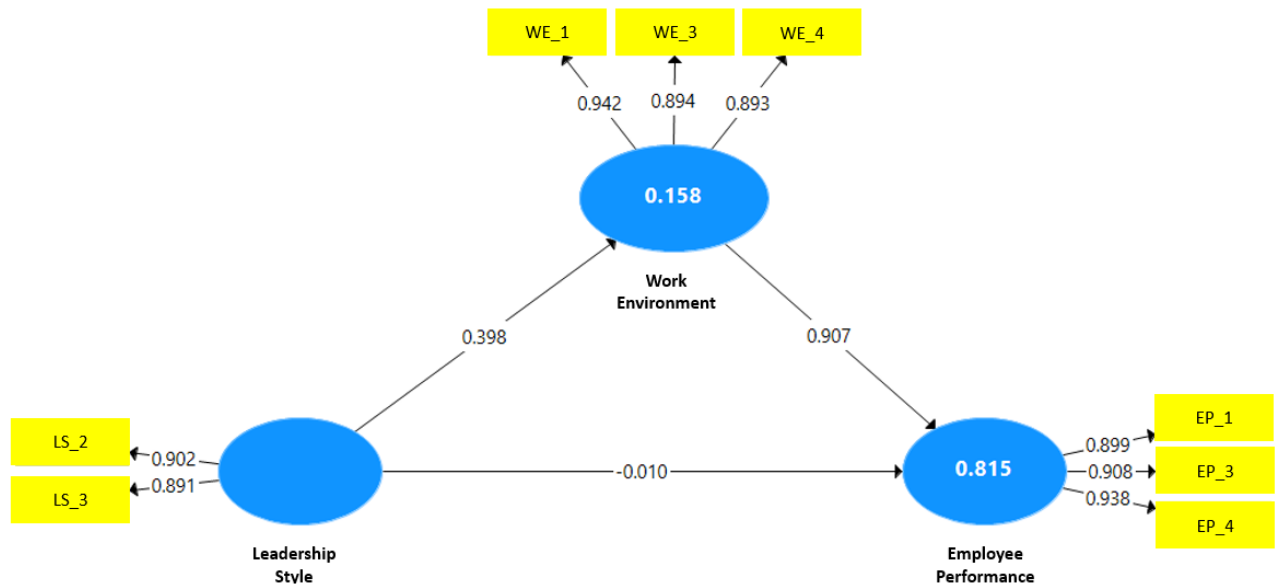
### PLS-SEM Analysis

The first test on the outer model is assessed through convergent validity. Convergent validity aims to see the level of validity of each indicator that measures the construct. According to the rule of thumb, this study uses the Outer Loadings criteria level  $> 0.70$  (Hair et al., 2017). The results of the first convergent validity model (Figure 1) show 3 invalid indicators, namely LS\_1, WE\_2, and EP\_2 ( $< 0.70$ ). Following the procedure, the three indicators must be removed from the model. Furthermore, the results of the third modified model (Figure 6.2) show that all indicators are valid for measuring each construct and are supported by the results of Average Variance Extracted (AVE)  $> 0.50$  (Table 6).



Source: SmartPLS data processing

**Figure 1. Outer Loadings (Before Modification)**



Source: SmartPLS data processing

**Figure 2. Outer Loadings (After Modification)**

After the outer loadings value meets the convergent validity assumption and is proven by the Average Variance Extracted (AVE) value (Table 6). This means that the selected indicators (valid) are aspects that contribute significantly to influencing the variables.

**Table 6. AVE**

Constructs	AVE
Leadership Style	0,804
Employee Performance	0,837
Work Environment	0,828

Source: SmartPLS data processing

The second test of the outer model is discriminant validity. Hait et al., (2017) suggested testing discriminant validity through: cross loadings, and Fornell-Larcker.

**Table 7. Cross-Loadings**

Constructs	Leadership Style	Employee Performance	Work Environment
GK_2	<b>0,902</b>	0,332	0,356
GK_3	<b>0,891</b>	0,296	0,358
KK_1	0,319	<b>0,899</b>	0,856
KK_3	0,280	<b>0,908</b>	0,775
KK_4	0,360	<b>0,938</b>	0,842
LK_1	0,386	0,843	<b>0,942</b>
LK_3	0,435	0,806	<b>0,894</b>
LK_4	0,258	0,815	<b>0,893</b>

Source: SmartPLS data processing

As seen in Table 7 the results of cross-loadings show that all indicators have met the assumption of discriminant validity, because the correlation between indicators is higher than the correlation of other indicators. Furthermore, the results of the Fornell-Larcker assessment are presented in the following table.

**Table 8. Fornell-Larcker**

Constructs	Leadership Style	Employee Performance	Work Environment
Leadership Style	0,897		
Employee Performance	0,351	0,915	
Work Environment	0,398	0,903	0,910

Source: SmartPLS data processing

The Fornell-Larcker results in Table 8 above show that all correlations between constructs have a higher value than the correlations between other constructs. That is, the results of the Fornell-Larcker assessment of this model have either fulfilled the test criteria or met the assumptions of discriminant validity. Finally, the reliability test is presented in the following table.

**Table 9. Reliability**

Constructs	Cronbach's Alpha	Composite Reliability
Leadership Style	0,756	0,891
Employee Performance	0,903	0,939
Work Environment	0,896	0,935

Source: SmartPLS data processing

The results of testing the three different models using the reliability approach were assessed through Cronbach's Alpha and Composite Reliability, all constructs were reliable. This is because the Cronbach's Alpha and Composite Reliability values of leadership style, employee performance, and work environment are above 0.70 (Table 9). This assessment is in accordance with the procedure used from (Hair et al., 2017).

After data analysis through the outer model produces satisfactory data quality, the next procedure is to analyze the inner model. The first step in the inner model is to ensure that multicollinearity (VIF) does not occur between the constructs in predicting the model. Then analyze the model predictions through the coefficient of determination ( $R^2$ ), effect size ( $f^2$ ), cross-validated redundancy ( $Q^2$ ), and path coefficients (Sarstedt et al., 2017).

**Table 10. VIF**

Constructs	Employee Performance	Work Environment
Leadership Style	1,188	1,000
Work Environment	1,188	

Source: SmartPLS data processing

The results of the VIF assessment in the table above show that there is no collinearity between all constructs, namely leadership style and work environment. That is, at this stage it is stated that the model meets the assumptions of good model test criteria, because the VIF values of all constructs are below 5 (Sarstedt et al., 2017). This proves that the model can be tested for the coefficient of determination ( $R^2$ ) which is presented in the following table.

**Table 11. Coefficient of Determination ( $R^2$ )**

Constructs	R Square
Employee Performance	0,815
Work Environment	0,158

Source: SmartPLS data processing



Based on the results of the  $R^2$  test in the table above, it shows that the  $R^2$  value of the work environment is 0.158 which means it does not have the ability, because according to the procedure of (Sarstedt et al., 2017) the  $R^2$  value is 0.75 = strong, 0.50 = moderate, and 0.25 = weak. While the  $R^2$  value of employee performance is 0.815 which means strong. This means that the leadership style does not have the ability to explain the work environment. Meanwhile, leadership style and work environment in explaining employee performance have very high abilities. This result is proven by the results of the assessment of the effect size ( $f^2$ ) shown in the following table.

**Table 12. Effect Size ( $f^2$ )**

Constructs	Employee Performance	Work Environment
Leadership Style	0,000	0,188
Work Environment	3,734	

Source: SmartPLS data processing

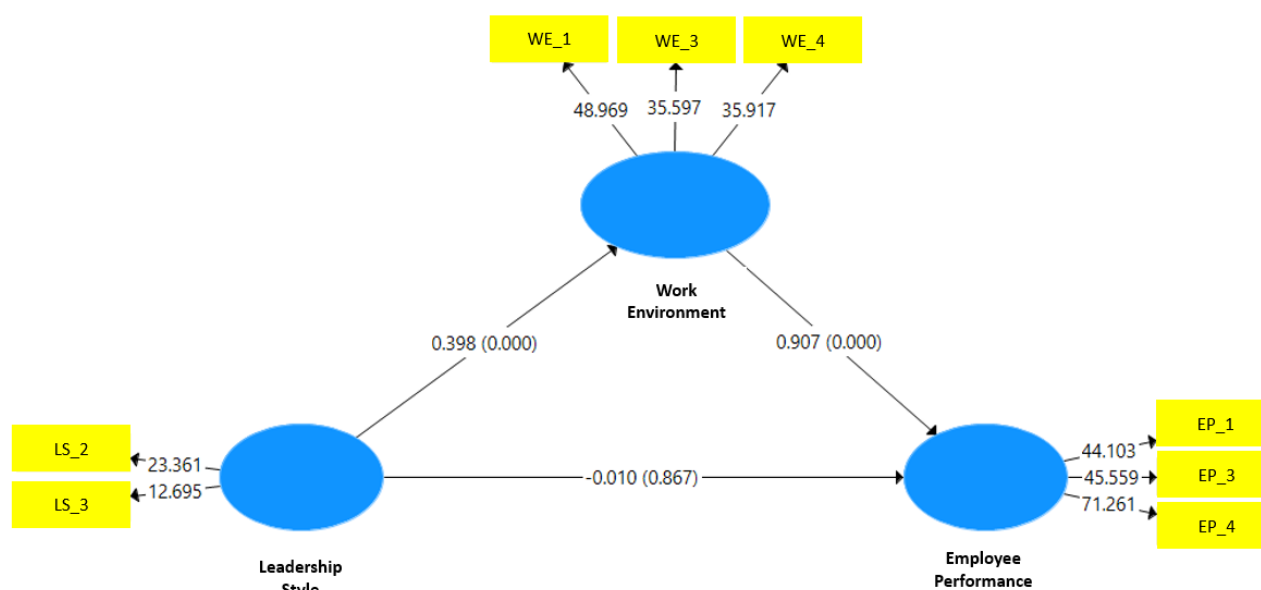
Effect Size ( $f^2$ ) results in table 12 prove that there is no effect of the relationship between leadership force and employee performance, because the value of  $f^2$  (0,000 < 0.02), according to the guidelines of (Cohen, 1992; Sarstedt et al., 2017), namely the value of  $f^2$  (0.02 = small, 0.15 = moderate, and 0.35 = large), if the value of  $f^2$  (< 0.02) means that there is no effect. While the value of  $f^2$  work environment with employee performance is large (0.35 > 3.734). And the  $f^2$  value of leadership style has a moderate effect on the work environment, which is between 0.15 to 0.35. Next is the cross-validated redundancy test ( $Q^2$ ), which is presented in the following table.

**Table 13. Cross-Validated Redundancy  $Q^2$**

Konstruk	$Q^2 (=1-SSE/SSO)$
Employee Performance	0,667
Work Environment	0,113

Source: SmartPLS data processing

The results in Table13 show that the  $Q^2$  value of employee performance is 0,667 and the  $Q^2$  value of the work environment is 0,113 which is greater than 0. This means that this model can be accepted and developed for further research. Finally, the path coefficient test is presented in the following figure and table.



Source: SmartPLS data processing

**Figure 3. Research Model**

Path coefficient testing aims to test the hypotheses that have been built. This becomes the basis for interpreting any influence from the construct path. The procedure for the path coefficient refers to the view (Sarstedt et al., 2017) that using an error level of 5%, the p-value is  $<0.05$  and the t-value is  $>1.96$ . In addition, the coefficient value ( $\beta$ ) of the assessment is between  $(-1)$  to  $(+1)$ , the closer to  $(+1)$  the path relationship the stronger, and vice versa.

**Table 14. Hypothesis Test Results**

Direct and Indirect Effects	$\beta$	$t$	$p$	Accepted?
H1, Leadership Style $\rightarrow$ Work Environment	0,398	4,325	0,000	Yes
H2, Leadership Style $\rightarrow$ Employee Performance	-0,010	0,167	0,867	No
H3, Work Environment $\rightarrow$ Employee Performance	0,907	29,013	0,000	Yes
H4, Leadership Style $\rightarrow$ Work Environment $\rightarrow$ Employee Performance	0,361	4,135	0,000	Yes

Based on the results of hypothesis testing in Table 6.14 above, the results can be interpreted as follows:

1. The coefficient value of leadership style and work environment is ( $\beta = 0.398$ ;  $t = 4.325 > 1.96$ ;  $p = 0.000 < 0.05$ ). That is, leadership style has a positive and significant effect on the work environment “H1, accepted”.
2. The coefficient value of leadership style and employee performance is ( $\beta = -0.010$ ;  $t = 0.167 < 1.96$ ;  $p = 0.867 > 0.05$ ). That is, leadership style has a negative and insignificant effect on employee performance “H2, not accepted”.
3. The value of the coefficient of work environment and employee performance is ( $\beta = 0.907$ ;  $t = 29.013 > 1.96$ ;  $p = 0.000 < 0.05$ ). This means that the environment has a positive and significant effect on employee performance “H3, accepted”.
4. The value of the work environment coefficient as mediation between leadership style and employee performance is ( $\beta = 0.361$ ;  $t = 4.135 > 1.96$ ;  $p = 0.000 < 0.05$ ). That is, leadership style has a negative and insignificant effect on the work environment “H4, accepted”.

## Discussion

### **1. The Effect of Leadership Style on the Work Environment**

The result of testing the first hypothesis is that leadership style has a negative and insignificant effect on the work environment, meaning that the first hypothesis is rejected. These results provide an understanding that the leadership style implemented by the leadership of Bank Syariah Indonesia has a positive effect and real change towards improving the quality of the work environment. These results are supported by findings from (Dhanti, 2017) that leadership style has a positive and significant effect on the work environment. Reinforcing the results of this study, (Ichsan et al., 2021) revealed that the better the leadership given by superiors to their subordinates, the better the quality of the work environment.

This result is justified in accordance with the results of the effect size analysis, where the effect size assessment reveals that leadership style is still able to have an effect on the work environment, even though the effect is moderate. So, the leadership style that is built through aspects of participatory leadership style and delegative leadership style is able to make an important contribution to aspects of the work environment, namely: a safe and comfortable working atmosphere, good and effective communication between subordinates and superiors, and the availability of complete facilities as needed by employees when working.

### **2. The Influence of Leadership Style on Employee Performance**

The results of the second hypothesis of the research model cannot be proven and cannot be accepted through the statement that leadership style has a negative and insignificant effect on employee performance. That is, the application of leadership style through aspects of participatory leadership style and delegative leadership style is something that has not been considered important to improve the performance of Bank Syariah Indonesia employees to be better. The results of this study are supported by (Aziz & Putra, 2022) revealing that leadership style has a negative and insignificant effect on employee performance. However, in contrast to the results of research from (Kusumayanti et al., 2020; Pradita, 2017) revealed that leadership style has a positive and significant effect on employee performance.

Proving the truth of this is through the results of the assessment of the effect size. The effect size results reveal that leadership style has no effect on employee performance. That is, aspects that are built to measure leadership style such as participatory leadership style and delegative leadership style are not able to significantly influence aspects of Bank Syariah Indonesia employee performance, including: quality of work produced in accordance with predetermined requirements, attendance demands to complete each scheduled job, and having the ability to work together in teams in completing work.

### **3. The Effect of the Work Environment on Employee Performance**

The results of the three hypotheses of this research model are acceptable and justifiable, through the expression that the work environment has a positive and significant effect on employee performance. That is, when the work environment is increasingly improved the quality will result in better employee performance. The work environment is an important factor towards ensuring the performance of Bank Syariah Indonesia employees. These results are consistent with findings from (Purbasari & Septian, 2017) stating that the work environment has a positive and significant effect on employee performance. In addition, (Ichsan et al., 2021) emphasized that the best employee performance is the one with a safe and comfortable organizational environment.

Proving the truth of the results of this study can be seen from the assessment of the effect size. The results of the effect size of this model reveal that the work environment has a

very high effect on employee performance. This means that the success of the work environment is implemented through the following aspects: a safe and comfortable working atmosphere, good and effective communication between subordinates and superiors, and the availability of complete facilities as needed by employees while working. Thus, this aspect is able to have a major influence on aspects of Bank Syariah Indonesia's employee performance, including: the quality of work produced in accordance with predetermined requirements, attendance demands to complete each scheduled job, and having the ability to work in a team in each work completed.

#### **4. Work Environment as a Mediation Between Leadership Styles and Employee performance**

The results of the last or fourth hypothesis are proven to be acceptable and justified through the statement that the work environment can play an important role as a mediator in influencing leadership style on employee performance. This means that implementing a work environment that guarantees the safety and comfort of employees while working will make the leadership style of Bank Syariah Indonesia better which will ultimately increase employee performance.

These results were confirmed based on research results from (Nurlaili et al., 2020) which revealed that the work environment fully mediates the influence of leadership style on organizational performance. In addition, research from (Ichsan et al., 2021) explains that the factor that makes employee performance better is by embedding a good work environment, so that organizational leaders apply their leadership style according to the expectations of each employee. Thus, the concept of a good work environment will embed the qualities of a good leader and organizational performance will be more easily achieved in the future.

#### **CONCLUSION**

Leadership style has a positive and significant effect on the work environment. That is, the better the implementation of the leadership style of Bank Syariah Indonesia, the better the quality of the work environment will be. Leadership style has a negative and insignificant effect on organizational performance. This means that the leadership style has not been able to have a definite and real influence on improving the performance of Bank Syariah Indonesia employees. The work environment has a positive and significant effect on organizational performance. That is, the better and guaranteed a safe and comfortable work environment will significantly make an important contribution in improving the performance of Bank Syariah Indonesia employees. The role of the work environment as a mediator of leadership style influences positively and significantly on employee performance. That is, when the work environment felt by employees is in accordance with their expectations, a leadership style will be embedded that can improve the performance of Bank Syariah Indonesia employees.

The focus of managerial advice from the results of this study is the work environment which acts as a mediator variable. Because research has not yet been found in the context of Islamic banking, finding the work environment fully mediates leadership style on employee performance. Therefore, for stakeholders in Bank Syariah Indonesia, if you want to be successful in building and improving employee performance, the key is implementing a work environment in intervening leadership style on employee performance. The key to success in implementing the work environment are three very important aspects as implementation in making strategic decisions in human resource management towards the competitiveness and existence of Bank Syariah Indonesia in the future.

These aspects are: (1) a safe and comfortable working environment; (2) good and effective communication between subordinates and superiors is established; and (3) the

availability of complete facilities as needed by employees when working. Thus, better aspects of participatory leadership style and delegative leadership style will be embedded. As a result, employee performance will be better implemented through aspects of the quality of work produced in accordance with predetermined requirements, attendance demands to complete each scheduled job, and having the ability to work in a team in completing each job.

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