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Leadership, Workplace Culture, and Employee Performance: The Mediating Role of Job Satisfaction in Muslim Women-Owned Businesses

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Abstract

To enhance business productivity and competitiveness, Muslim female entrepreneurs in Purbalingga Regency need to address challenges in human resource management. Adopting the perspective of workplace happiness, this quantitative study examines the influence of work culture and leadership on employee performance. Data were collected via questionnaires and analyzed using the SEM-PLS method (SmartPLS 4). The findings reveal that work culture (0.530; p=0.000) and leadership (0.358; p=0.000) significantly influence increased job satisfaction. However, employee performance is not significantly influenced by corporate culture (0.110; p=0.369) or leadership (-0.041; p=0.694). Conversely, workplace happiness acts as a comprehensive mediator, significantly improving employee performance (0.504; p=0.000). The research model explains 31.8% of the variation in employee performance (R^2 = 0.318) and 68.5% of the variation in job satisfaction (R^2 = 0.685). In conclusion, leadership and work culture do not automatically boost employee performance; rather, job satisfaction serves as a necessary bridge. Muslim female entrepreneurs are advised to prioritize enhancing staff job satisfaction by adopting trustworthy leadership approaches and fostering a supportive Islamic work culture.

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INTRODUCTION

The growing contribution of women to the Micro, Small, and Medium Enterprise (MSME) sector and the Sharia economy in Indonesia is driving a positive trend in the development of Muslim female entrepreneurs. Data from the Ministry of Cooperatives and SMEs indicates that over 64 million MSME units contribute more than 60% to the national GDP, with women accounting for a significant share of these business owners (Ministry of Communication and Digital Affairs of the Republic of Indonesia, 2026; Directorate General of Treasury, 2024). This situation highlights the strategic role women play in creating jobs, improving family welfare, and fostering regional economic growth. In Purbalingga Regency, Muslim female entrepreneurs are thriving across various sectors—such as culinary arts, Muslim fashion, handicrafts, digital commerce, and services—thereby becoming vital to strengthening the local Sharia-based economy (Purbalingga Regency Cooperative and SME Agency, 2024).

Despite this potential, Muslim female entrepreneurs face increasingly complex challenges stemming from business competition and digital transformation. Limited digital literacy, managerial skills, and human resource management capabilities remain obstacles for some women-led MSMEs (Suharyati & Handayani, 2024; Simarmata et al., 2026). In reality, effective skills and human resource management play a crucial role in enhancing business performance and competitiveness (Juniarta et al., 2023; Indrayani et al., 2025). Strengthening human resource management is essential to boosting productivity, innovation, employee performance, and the long-term sustainability of businesses owned by Muslim female entrepreneurs.

Leadership is a key factor in enhancing employee performance. From an Islamic perspective, leadership goes beyond merely focusing on achieving organizational goals; it prioritizes values such as accountability, equality, leading by example, reliability, and consultation. Implementing Islamic leadership grounded in these principles can enhance employee commitment, trust, and motivation, ultimately leading to improved performance at both individual and organizational levels (Ali et al., 2024; Riyadi et al., 2024; Sari & Amalia, 2025).

In addition to leadership, work culture plays a crucial role in influencing employee behavior and productivity. A positive work culture can foster collaboration, discipline, and employee performance, including within the MSME sector (Nurimansjah et al., 2024; Wiharti et al., 2024). Islamic values—such as integrity, reliability, accountability, and mutual respect—can also be

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reflected in the work cultures of businesses owned by Muslim women entrepreneurs. Strengthening a work culture based on Islamic values is essential for enhancing performance and ensuring business sustainability, particularly given studies demonstrating a positive link between Islamic work culture and worker productivity (Ratnaningrum et al., 2024; Firawati et al., 2024).

Studies in Human Resource Management indicate that job satisfaction influences behavior and performance. Findings by Indrayani et al. (2025) and Sari et al. (2024) suggest that employees satisfied with leadership, work culture, the organizational environment, and rewards tend to exhibit higher motivation and optimal work performance. According to Riyanto et al. (2024) and Indrayani et al. (2025), workplace happiness can be viewed as a mechanism explaining how work culture and leadership enhance employee performance.

This research is grounded in Social Exchange Theory, which posits that a mutually beneficial relationship between employer and employee can foster commitment and trust while boosting productivity (Cropanzano et al., 2017; Blau, 1964). Furthermore, the Resource-Based View (RBV) approach regards human resources as strategic assets crucial for creating sustainable competitive advantage, as these resources are rare, valuable, unique, and non-substitutable (Barney, 1991; Barney et al., 2021). Integrating these perspectives with principles of Islamic leadership and work culture is expected to provide a conceptual framework for explaining enhanced employee performance in companies managed by Muslim female entrepreneurs.

Previous research indicates a positive correlation between employee performance and leadership, work culture, and job satisfaction (Nurimansjah et al., 2024; Ratnaningrum et al., 2024; Indrayani et al., 2025). However, there is limited research integrating these three factors into a single model, particularly regarding companies managed by Muslim female entrepreneurs. Few studies have examined the role of job satisfaction as a mediating factor in the relationship between employee performance, Islamic work culture, and Islamic leadership within Sharia-based businesses managed by women. Most existing research has focused on formal organizations and MSMEs in general. This situation highlights a significant research gap that needs to be addressed, particularly regarding the development of enterprises managed by Muslim women entrepreneurs in Purbalingga Regency.

To address this issue, this research develops a human resource management model that considers aspects of workplace happiness, leadership, work culture, and employee performance in businesses run by Muslim women entrepreneurs. This quantitative study employs the Partial Least Squares Structural Equation Modeling (PLS-SEM) method, which is highly suitable for simultaneously evaluating structural correlations between variables and testing both direct and

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indirect effects through mediating factors (Hair et al., 2022).

The objectives of this research are to: (1) examine the relationship between leadership and employee performance; (2) examine the relationship between leadership and work culture; (3) examine the relationships among leadership, work culture, and job satisfaction; and (4) examine the relationship of job satisfaction with the influence of leadership and work culture on employee performance in businesses owned by Muslim women entrepreneurs. This study aims to broaden perspectives on human resource management by positioning businesses managed by Muslim women as a crucial context for understanding the interplay between leadership practices, organizational cultural values, job satisfaction, and employee achievement; it seeks to generate implications for developing workforce management models aligned with Sharia principles—thereby fostering a supportive work environment, enhancing productivity and employee well-being, strengthening competitive positioning, and ensuring business sustainability—while also addressing the academic gap regarding the integrated analysis of these four aspects within the context of Muslim women's entrepreneurship.

LITERATURE REVIEW

The Influence of Leadership on Job Satisfaction

Leadership is a leader's ability to successfully provide direction, motivate, lead, and persuade followers to achieve organizational goals. Beyond goal attainment, effective leadership emphasizes building strong working relationships through fairness, support, communication, appreciation, and attentiveness to employee needs (Northouse, 2022). According to Social Exchange Theory, a leader can establish positive, reciprocal relationships with staff members through fair treatment and the provision of support (Blau, 1964; Cropanzano et al., 2017). Employees generally respond positively—experiencing greater comfort and higher job satisfaction—when they feel supported and well-treated (Indrayani et al., 2025).

Leader-Member Exchange Theory explains that the quality of the relationship between a supervisor and a subordinate shapes employee work responses. Interactions built on trust, respect, open communication, and support tend to make employees feel more valued, thereby enhancing work engagement and job satisfaction (Graen & Uhl-Bien, 1995; Martin et al., 2016). Ultimately, these conditions foster a more positive assessment of both the job itself and the work environment.

Previous research findings also indicate that job satisfaction is positively influenced by leadership. Studies by Noeradiana and Ismaniar (2024), Laksmi and Kandari (2024), and Putra et

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al. (2024) demonstrate that employee job satisfaction increases in tandem with effective leadership. These results support the premise that job satisfaction is significantly influenced by the quality of leadership. Based on this theoretical and empirical review, the research hypothesis is formulated as follows:

H1: Leadership has a positive and significant influence on job satisfaction. The Influence of Workplace Culture on Job Satisfaction

This influence is evident in how employees build relationships, communicate, collaborate, maintain discipline, and complete their work. A positive workplace culture can enhance employee comfort and job satisfaction, create a conducive atmosphere, and foster a sense of belonging and a spirit of cooperation (Schein & Schein, 2017).

According to organizational culture theory, the attitudes and behaviors of members are shaped by shared norms and values. Aligning personal values with organizational goals can be facilitated by a strong and pleasant culture. Meanwhile, support, incentives, and positive working relationships can motivate employees to respond favorably to the organization—including through increased job satisfaction—as posited by Social Exchange Theory (Blau, 1964; Cropanzano et al., 2017).

Furthermore, previous studies indicate a positive correlation between job satisfaction and corporate culture. Research by Irawan and Sumartik (2024), Putra et al. (2024), and Bili et al. (2024) demonstrates that organizational culture has a significant positive impact on job satisfaction. These findings suggest that a workplace culture fostering interpersonal interaction, discipline, collaboration, communication, and the expression of appreciation can boost employee job satisfaction. Based on this theoretical and empirical review, the following research hypothesis is formulated:

H2: Workplace culture has a positive and significant influence on job satisfaction.

The Influence of Leadership on Employee Performance

Employee performance refers to the level of productivity achieved by workers in completing tasks and obligations delegated by the company. Key performance indicators include target achievement, work quality, effectiveness, efficiency, and the employee's contribution to organizational goals (Armstrong & Taylor, 2023). Leadership is a crucial factor that can influence this performance.

Effective leadership provides direction, encouragement, support, and role clarity, enabling

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employees to perform their duties as effectively as possible. According to Social Exchange Theory (Blau, 1964; Cropanzano et al., 2017), employees who receive encouragement and fair treatment from managers typically reciprocate by demonstrating positive work behaviors and delivering superior performance. Meanwhile, the Resource-Based View regards human resources as strategic assets that, with proper management, can serve as a source of competitive advantage (Barney, 1991; Barney et al., 2021). In this context, leadership plays a vital role in maximizing the potential and capacity of workers, allowing them to perform at a higher level.

Previous empirical studies indicate that employee performance is positively influenced by leadership. Research by Laksmi and Kandari (2024), Khayumiyah et al. (2023), and Noeradiana and Ismaniar (2024) demonstrates that effective leadership can enhance worker performance by providing inspiration, direction, support, and supervision. Based on this theoretical and empirical review, the research hypothesis is formulated as follows:

H3: Leadership has a positive and significant influence on employee performance.

The Influence of Workplace Culture on Employee Performance

An organization's workplace culture can significantly impact how its members behave and operate. This culture provides guidelines regarding the norms, values, and behavioral standards applied in the execution of duties. Discipline, teamwork, creativity, accountability, and dedication to achieving corporate goals can be fostered through a positive culture (Schein & Schein, 2017).

According to Organizational Culture Theory, the behavior of organizational members is influenced by shared norms and values. Employees demonstrate their best performance and higher levels of motivation when the workplace culture fosters synergy between personal and corporate goals. Conversely, the Resource-Based View approach regards organizational culture as an intangible resource that—provided it is valuable, difficult to imitate, and capable of supporting organizational effectiveness—can serve as a source of competitive advantage (Barney, 1991; Barney et al., 2021).

Previous empirical studies indicate that employee performance is positively influenced by corporate culture. According to Irawan and Sumartik (2024), Putra et al. (2024), and Wiharti et al. (2024), a work culture that upholds professionalism, communication, teamwork, discipline, and accountability can enhance both productivity and employee performance. The following research hypothesis is formulated based on these theoretical and empirical insights:

H4: Workplace culture has a positive and significant effect on employee performance.

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The Influence of Job Satisfaction on Employee Performance

Job satisfaction reflects the extent to which employees feel comfortable and hold a positive view of their work. Such feelings arise when the job meets expectations regarding the work environment, relationships with colleagues and supervisors, rewards, and organizational conditions. High levels of satisfaction generally foster a more positive work attitude and support superior performance (Indrayani et al., 2025).

According to Cropanzano et al. (2017), positive experiences within an organization can encourage reciprocal relationships characterized by greater contributions and positive work habits. Recent empirical research demonstrates a link between employee performance and job satisfaction. Indrayani et al. (2025) suggest that the superior performance of employees in Indonesian MSMEs can be partially explained by job satisfaction. Meanwhile, Rabbad et al. (2024) found that employee performance in Sharia-based companies is positively and significantly influenced by job satisfaction.

These results support the claim that motivated, highly engaged, and productive workers tend to be satisfied with their jobs. However, a different perspective is offered by Sodiq et al. (2024), whose research indicates that job satisfaction influences employee performance through engagement in Sharia practices, rather than having a significant direct impact. This discrepancy highlights the need to re-examine the relationship between employee performance and job satisfaction, particularly within the context of businesses run by Muslim female entrepreneurs. Based on this theoretical and empirical review, the research hypothesis is formulated as follows:
H5: Job satisfaction has a positive and significant effect on employee performance.

METHOD

This study employs a quantitative approach with an explanatory design to examine the relationships of Leadership and Workplace Culture with Employee Performance, using Job Satisfaction as a mediating variable. Data were collected via questionnaires and supplemented by secondary sources, including scientific journals, publications from BPS (Statistics Indonesia) and the Ministry of Cooperatives and SMEs, as well as relevant documents. The study population consists of 366 members of the Muslimah Entrepreneur group in Purbalingga Regency in 2025. A sample of 150–200 respondents was selected using purposive sampling, taking into account SEM-PLS analysis requirements based on Hair et al. (2022).

Data collection was conducted using a five-point Likert scale questionnaire. Measurements for Leadership, Workplace Culture, Job Satisfaction, and Employee Performance utilized indicators

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adapted from previous studies that met validity and reliability criteria.

The data were subsequently analyzed using the SEM-PLS method via the SmartPLS 4 application. The evaluation encompassed the outer model to assess construct validity and reliability, and the inner model to examine path coefficients and the coefficient of determination. Hypothesis testing was performed using bootstrapping to determine both direct effects and indirect effects mediated by Job Satisfaction.

RESULT AND DISCUSSION

RESULT

Factor Loading Test

Validity testing was conducted using factor loading during the initial stage of Structural Equation Modeling (SEM) analysis with SmartPLS 4 software to determine the extent to which the measurement tool accurately measures the intended construct. Another objective of this assessment was to verify that respondents understood the statements and questions within the research instrument.

Table 1. Factor Loading Test Results

Variabel	Item	Loading Factor	Conclusion	Composite Reliability
Leadership	L1	0,776	Valid	0,869
	L2	0,704	Valid	
	L3	0,789	Valid	
	L4	0,745	Valid	
	L5	0,867	Valid	
	L6	0,871	Valid	
	L7	0,878	Valid	
Workplace Culture	WC1	0,557	Valid	0,886
	WC2	0,661	Valid	
	WC3	0,834	Valid	
	WC4	0,823	Valid	
	WC5	0,827	Valid	
	WC6	0,816	Valid	
	WC7	0,774	Valid	
	WC8	0,700	Valid	

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Job Satisfaction	JS8	0,765	Valid	0,909
	JS8	0,756	Valid	
	JS8	0,780	Valid	
	JS8	0,718	Valid	
	JS8	0,770	Valid	
	JS8	0,738	Valid	
	JS8	0,733	Valid	
	JS8	0,805	Valid	
Employee Performance	EP1	0,741	Valid	0,881
	EP1	0,700	Valid	
	EP1	0,737	Valid	
	EP1	0,778	Valid	
	EP1	0,793	Valid	
	EP1	0,710	Valid	
	EP1	0,760	Valid	
	EP1	0,802	Valid	

Source: SmartPLS 4 Data Analysis

As shown in Table 1—where all indicators exhibit loading factor values > 0.60 and composite reliability values > 0.60—the variable items are proven valid and demonstrate a high level of reliability.

Validity and Reliability Tests

Table 2. Validity and Reliability Test Results

Variabel	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Employee Performance	0,869	0,889	0,894	0,514
Job Satisfaction	0,886	0,888	0,909	0,557
Leadership	0,909	0,914	0,928	0,651
Workplace Culture	0,881	0,893	0,906	0,552

Source: SmartPLS 4 Data Analysis

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Table 2 shows that the instrument used met the testing criteria. All Cronbach's Alpha values were above 0.60, ranging from 0.869 to 0.909. Composite Reliability values also exceeded 0.70 for all constructs, while AVE values ranged from 0.514 to 0.651, all surpassing the 0.50 threshold. Based on these results, the indicators used are considered consistent and satisfy convergent validity requirements. Therefore, the research instrument is deemed suitable for use in the subsequent analysis stage.

R-Square (R^2) Test

Table 3. R-Square (R^2) Test Results

Variables	R Square
Employee Performance	0,318
Job Satisfaction	0,685

Source: SmartPLS 4 Data Analysis

The R^2 value for Employee Performance was recorded at 0.318. This indicates that Leadership, Workplace Culture, and Job Satisfaction collectively explain 31.8% of the variation in employee performance. Meanwhile, the remaining 68.2% is attributable to other factors not included in the model. Based on R-square criteria, the value of 0.318 falls within the 0.25–0.50 range; thus, the model's explanatory power regarding Employee Performance is classified as weak.

Descriptive Analysis

Hypothesis Testing

Table 5. Path Coefficients

Hipotesis	Description	Original Sample (O)	T-Statistics (|O/STDEV|)	P-Values	Result
H1	L → JS	0,358	4,993	0,000	H1 Diterima
H2	WC → JS	0,530	7,008	0,000	H2 Diterima
H3	L → EP	-0,041	0,393	0,694	H3 Ditolak
H4	W → EP	0,110	0,899	0,369	H4 Ditolak
H5	JS → EP	0,504	5,068	0,000	H5 Diterima

Source: SmartPLS 4 Data Analysis

Based on Table 5, the test results indicate the following analysis:

Hypothesis 1: Leadership has a positive and significant effect on Job Satisfaction.

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Hypothesis H1 is supported by the test results. A path coefficient of 0.358 indicates a positive relationship between Financial Literacy and Job Satisfaction. The strength of this relationship is confirmed by a t-statistic of 4.993 and a p-value of 0.000, both meeting the testing thresholds (t-statistic > 1.96 and p-value < 0.05). Thus, H1 is accepted; higher financial literacy is associated with higher job satisfaction.

Since a strong understanding of personal financial management can reduce financial anxiety and enhance employees' sense of security and well-being at work, job satisfaction increases alongside their level of financial awareness.

Hypothesis 2: Workplace Culture has a positive and significant effect on Job Satisfaction.

The balance between work demands and life outside of work appears linked to the level of satisfaction employees experience. The test results show a path coefficient of 0.530, indicating a positive relationship between Work-Life Balance and Job Satisfaction. This relationship is also significant, evidenced by a t-statistic of 7.008 (exceeding 1.96) and a p-value of 0.000 (below 0.05). Based on these results, H2 is accepted. These findings suggest that improved work-life balance tends to be accompanied by increased employee job satisfaction.

Because they can fulfill professional obligations without sacrificing time and energy for family, health, or social activities, workers with good work-life balance report higher levels of job satisfaction.

Hypothesis 3: Leadership has a positive and significant effect on Employee Performance.

Leadership has not been proven to be a determining factor for employee performance in the tested model. Although the path coefficient is -0.041—indicating a tendency toward a negative relationship—the result did not reach the required level of significance. This is evidenced by a t-statistic of 0.393 (below the 1.96 threshold) and a p-value of 0.694 (exceeding 0.05). Consequently, H3 is not supported and is rejected. This implies that leadership has not demonstrated a significant relationship with employee performance in the context analyzed.

As a result, leadership does not guarantee better employee performance, as factors such as technical proficiency, motivation, and work culture exert a greater impact on performance than the ability to manage personal funds.

Hypothesis 4: Workplace Culture has a positive and significant effect on Employee Performance.

Workload did not show a significant association with employee performance in these test

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results. While the path coefficient of 0.110 indicates a positive relationship, the strength of this relationship was insufficient to be considered significant. The obtained t-statistic was only 0.899, and the p-value was 0.369. Since neither value met the testing thresholds (a t-statistic of 1.96 and a p-value of 0.05), H4 is rejected. Thus, it could not be proven that the level of workload experienced by employees significantly affects their performance.

Because employees may possess flexibility, time management skills, or access to resources that prevent workload from becoming the primary driver of their performance outcomes, the perceived workload level does not necessarily determine the quality of their performance.

Hypothesis 5: Job satisfaction has a positive and significant effect on employee performance.

Testing of H5 yielded a t-statistic of 5.068 and a p-value of 0.000. The path coefficient of 0.504 indicates a positive influence of job satisfaction on employee performance. The p-value below 0.05 and the t-statistic exceeding 1.96 serve as the basis for accepting H5. Thus, the higher the job satisfaction experienced by employees, the better their performance.

Consequently, employees who are highly satisfied with their work tend to be more enthusiastic and dedicated, striving to deliver their best performance for the company. Therefore, employees perform better when they are more satisfied with their jobs.

DISCUSSION

Overall, the test results indicate that job satisfaction plays a pivotal role in explaining the relationship between workplace culture, leadership, and employee performance. In the model employed, 31.8% of the variance in employee performance and 68.5% of the variance in job satisfaction could be explained by the model's variables. Of the five hypotheses tested, two (H3 and H4) were rejected, while the remaining three (H1, H2, and H5) were accepted. This pattern of results allows for significant conclusions regarding methods to enhance performance in companies managed by Muslim female entrepreneurs.

The results demonstrate that leadership and workplace culture are significantly associated with job satisfaction. The influence of workplace culture (0.530) was greater than that of leadership (0.358). These findings indicate that employees' experiences of the work environment—including the prevailing values and norms—are crucial in shaping their job satisfaction. A work environment that fosters comfort, fairness, and support, and aligns with employees' personal values, can cultivate a more positive work experience. These findings align with Social Exchange Theory and Leader-Member Exchange Theory, both of which posit that the

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quality of the relationship between leaders and members is fundamental to generating positive employee responses. When employees receive support, appreciation, and fair treatment, they tend to develop a more positive attitude toward their work. Previous studies by Noeradiana and Ismaniar (2024), Laksmi and Kandari (2024), Irawan and Sumartik (2024), and Putra et al. (2024) similarly show that leadership and organizational culture are key factors linked to the formation of job satisfaction. Tests of direct effects indicate that employee performance is not significantly influenced by leadership—contrasting with findings regarding the relationship with job satisfaction. A similar pattern was observed in the direct relationship between workplace culture and employee performance. Consequently, hypotheses H3 and H4 lack empirical support. These relationship patterns suggest that the presence of good leadership and a conducive workplace culture does not automatically result in improved performance; rather, the influence of these factors appears to be mediated by the employees' psychological state—specifically, the level of satisfaction derived from performing their work.

In this study, job satisfaction serves as a link between leadership conditions, work culture, and employee performance. Job satisfaction fosters a more positive work attitude, thereby motivating employees to complete tasks effectively and achieve optimal results. The characteristics of businesses run by Muslim women entrepreneurs in Purbalingga Regency provide a relevant context for understanding these findings. Many of these businesses operate on a relatively small scale and feature close, personal working relationships. In such settings, employees' perceptions and experiences play a more significant role in determining performance quality than the direct influence of leadership styles or work culture.

The analysis reveals that job satisfaction has a positive and significant impact on employee performance, with a path coefficient of 0.504. This implies that higher levels of job satisfaction correlate with a greater tendency for employees to demonstrate superior performance. These findings align with those of Indrayani et al. (2025) and Rabbad et al. (2024), yet differ from Sodiq et al. (2024), who found that the impact of job satisfaction on performance was largely mediated by *sharia* engagement. Such discrepancies suggest that the relationship between job satisfaction and performance is influenced by organizational conditions and the characteristics of the work environment.

Overall, the study concludes that merely enhancing leadership or establishing a healthy work culture is insufficient to boost employee performance in companies owned by Muslim women entrepreneurs. These elements must be translated into a work environment that actively fosters employee satisfaction. The findings validate the application of Social Exchange Theory in

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explaining the importance of reciprocal interactions between managers and staff. This perspective is particularly relevant as it highlights the role of human resource management in enhancing organizational performance.

The research findings carry practical implications, such as the need for business owners to place greater emphasis on the employee work experience. Enhancing workplace happiness can be strategically achieved by fostering a work culture aligned with Islamic values and cultivating a leadership style that is open, fair, and supportive. Once these prerequisites are met, organizations possess a stronger foundation for driving improved employee performance. Consequently, job satisfaction is viewed both as a vital means of fostering sustainable performance and as an outcome of organizational management.

CONCLUSSION

This research examines the relationship between work culture, leadership, and employee performance in businesses managed by Muslim women in Purbalingga Regency, positioning job satisfaction as the factor explaining this relationship. The results demonstrate that leadership and work culture positively and significantly enhance job satisfaction, while increased job satisfaction is, in turn, associated with a significant improvement in employee performance. However, when tested directly, neither leadership nor work culture showed a significant influence on employee performance. These findings indicate that the impact of leadership and work culture on performance is not direct but rather mediated by job satisfaction; thus, in the tested model, job satisfaction acts as a full mediator.

The innovative aspect of this research lies in the development and testing of a model that integrates Islamic leadership values and work culture—with job satisfaction serving as a mediator for employee performance—specifically within businesses owned by Muslim women. This topic has received limited attention in the literature on human resource management and Sharia-based entrepreneurship. The finding that job satisfaction acts as a full mediator (rather than merely a partial one) represents a significant empirical advancement in understanding the mechanisms of performance enhancement in Sharia-based micro and small enterprises.

From a practical standpoint, these findings suggest that Muslim women entrepreneurs prioritize enhancing employee job satisfaction as a key strategy to boost performance. They achieve this by adopting leadership styles characterized by reliability, fairness, and supportiveness, and by fostering a work culture that reflects Islamic values such as integrity, accountability, and mutual respect.

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Future research should address the limitations of this study. The R-squared value for employee performance (0.318) is relatively low, indicating that variables not included in the model also influence employee performance. Furthermore, given that this study is cross-sectional and limited in scope to Purbalingga Regency, caution should be exercised when extrapolating the findings. To gain a deeper understanding of the dynamics of performance improvement in enterprises owned by Muslim women entrepreneurs, future research is advised to expand the sample and geographical scope, incorporate other relevant variables—such as religiosity, organizational commitment, or engagement in Sharia-compliant practices—and consider employing a longitudinal research design.

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