

# The Influence of Islamic Organizational Culture on Performance with Management Accounting Systems as Mediating Variable

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## The Influence of Islamic Organizational Culture on Performance with Management Accounting Systems as Mediating Variable

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### Abstract

This study aims to provide empirical evidence about the way in which management accounting systems mediate the relationship between Islamic organizational culture and performance. This research explores Islamic organizational culture in the banking sector to meet the need of an appropriate Islamic cultural design in all aspects of the work environment. The survey was conducted by distributing questionnaires to 589 respondents in Islamic banking. However, there were only 168 returned completed questionnaires that can be considered data, which were analyzed by using smartPLS. The results show that the influence of management accounting system and Islamic organizational culture on firm performance is positive. These results indicate that the companies adopted sophisticated management accounting systems and developed an Islamic-oriented culture that has the chance to win the competition. This study provides knowledge about how important Islamic organizations and sophisticated management accounting are for the improvement of firm performances. Different from previous organizational culture studies, this study discusses organizational culture from the perspective of Islam to meet the need of an appropriate Islamic cultural design in the work environment. The study is limited to such a sample of Islamic commercial banks in a short term, therefore, it is not generalizable for all types of banks in Indonesia.

**Keywords:** Management Accounting Systems, Islamic Organization Culture, Firm performance

### 1. Introduction

The service sector, especially financial organization, plays a key role as a major contributor to the economy (Zaleha Abdul Rasid et al., 2011). The financial service sector is crucial for resources allocation in the modern economy. The high competition requires companies to be pro-active in offering high-quality services at low prices at any time. The demand for innovation in managing various financial assets is not focused only on traditional assets (deposits and loans) but also the concept of bank management. This orientation challenges financial institutions to maintain competitive advantages as well as service quality by cost-efficiency.

The environment changes require companies to design and use a management accounting system (MAS) that suits their objectives as appropriate responses to threats and opportunities in competitive conditions (Laitinen, 2008). This change also requires company managers to work more in more complex environments (Chung and Su, 2012). MAS is important for optimizing decisions in facing high competition (Silva De Souza et al., 2012). Competition can affect the design of MAS in an organization, and may lead to the companies' need to evaluate, design and reformulate their current organizations to overcome uncertainties in a competitive environment (Laitinen, 2008).

To have access to sufficient and important information, managers need to implement sophisticated information systems (Bouwens and Abernethy, 2000, Chung and Su, 2012). MAS is a system that supports managers to access and use information needed to achieve company goals which can then lead to increased managerial performances (Chung and Su, 2012). Companies should have the quality of MAS information as the main performance quality of the accounting function (Walker et al., 2012,

Fleischman et al., 2010). In other words, MAS plays a key service role in most organizations by providing useful information.

The significance of studying MAS is due to its sophisticated information systems (broad in scope, on time, integrated and aggregated) that affords to provide important information for managers. MAS is an integral part of business information and control systems, which support management decision making to improve management performance (Hoque, 2011, McManus, 2013, Mia, 2000, Silva De Souza et al., 2012) by providing financial and operational information for managers in an organization especially in decision making, planning, and supervision.

The information produced by the accounting information system is mainly used to provide useful information for management and help ensure employee behavior patterns to achieve organizational goals (Asel, 2009). A well-designed accounting system supports the decision-making process and motivates all members of the organization to act synergically. Moreover, it can help managers to make more effective decisions in improving organizational efficiency to maintain competitiveness in an ever-changing and challenging environment, therefore, will finally improve organizational performance (Chenhall, 2003, Ismail and Isa, 2011).

Countries with many subcultures require top management to pay attention to the impacts of national culture at the organizational level (Wahjudi et al., 2016). However, the influence of organizational culture developed internally is stronger than that of national culture (R. Kattman, 2014). Thus, we assume that effective service sector practices may require alignments to organizational culture in the company.

As we know, the previous studies mostly consider MAS an independent variable (Tsui, 2001, Mia, 2000, Chong and Eggleton, 2003, Agbejule, 2005, Shih and Susanto, 2010) or a dependent variable (Emsley, 2005, Abdel-Kader and Luther, 2008, Stergiou et al., 2013). Only a few of them (Jemias and Gani, 2004, Ghasemi et al., 2016) studied the mediating role of MAS. Therefore, it is necessary to find more role of MAS as a mediating variable. This research uses mediation or intervening ideas from contingency theory (Baines and Langfield-Smith, 2003, Hoque, 2011, Mayr, 2012) to examine whether the characteristics of a MAS mediate or intervene the relationships between culture and performance. Some previous researchers examined the impacts of organizational culture on the performance as the results of organizational culture that significantly influences the company's financial performance (Wahjudi et al., 2016, Zadeh, 2016). Organizational culture has been recognized as an important driver to improve firm performance (Porter and Millar, 1985). Most previous studies support the relationships between organizational culture and firm performance (Daft and Lane, 2007, Heskett and Kotter, 1992, Denison and Mishra, 1995, Ngo and Loi, 2008).

To contribute to most of the previous studies on organizational culture, we discuss organizational culture from an Islamic perspective in response to the growing number of Islam adherents, leading to an increase of desire among Muslims to design an Islamic work environment. According to Abbasi et al. (2010) Islamic organizational culture is reflected in behavior such as; Islamic leadership, accountability, humility, responsibility, knowledge and practice, sincerity, skills, fairness, truthfulness, a holistic approach consisting of participatory approaches, systems approaches, gradualistic approaches, contingency approaches, and consistency approaches. Lack of clear guidance on organizational culture in the Islamic perspective is a major problem today (Hoque et al., 2013). Individualism and uncertainty significantly affect firm performance in Indonesia; thus, managers need to create a conducive environment that is beneficial for individuals to be able to contribute (Wahjudi et al., 2016). Therefore, researches in the field of culture, especially Islamic organizational culture becomes important, because Indonesia as a country with the largest Muslim population in the world certainly needs Islamic organizational culture design.

This study aims to investigate the mediating effect of MAS on the relationships between Islamic organizational culture and performance. This research explores the culture of Islamic organizations in the banking sector, especially Islamic commercial banks. The characteristics of the service sector are different from the manufacturing sector. In addition, the service sector in Indonesia faces very tight competition from both local and foreign competitors (Yuliansyah et al., 2018), for example, in the

banking sector, there are 13 sharia commercial banks in Indonesia (a banking system that follows sharia principles in its practical application).

Muslims need Islamic work guidelines as a result of the increase in Muslims' desire to design an Islamic work environment on their job that support the creation of maximum benefits for life now and after. However, lack of clear guidance on organizational culture from an Islamic perspective is a major problem today (Hoque et al., 2013). Research that focuses on organizational culture from an Islamic perspective is a unique effort to develop organizational culture features and models based on the Qur'anic and Sunnah rules. We use the Islamic organizational culture especially prominent cultural features in an Islamic perspective as stated by previous researchers.

The contribution of this research is, firstly, to develop a research instrument for Islamic organizational culture which has been still a concept in qualitative research (Hoque et al., 2013). Secondly, it provides a reference in the framework of designing a MAS and company risk management in Islamic Commercial Banks by including organizational culture as a contextual variable. This study uses Islamic organizational culture as a variable used to design MAS and corporate risk management in Islam-based organizations. Thirdly, it is used to develop the Islamic organizational culture model and review its role in the system formation and firm performance improvement.

Economic and psychological based approaches can be included in a contingency-based framework that can integrate ways of thinking about sociological processes that influence action (Chenhall, 2003). Some previous studies aimed to investigate the behavior of parent companies and the importance of national culture in the design of MCS (Tallaki and Bracci, 2015, Chenhall, 2003). Some researchers focused on an organizational culture adopted from the influence of western culture (Hofstede et al., 1990) and Eastern culture (Chun et al., 2013). It shows the importance of considering cultural factors in an organization's management. Thus, an Islamic-based culture is needed to help leaders and employees create a work environment and maintain Muslim employees in the organization. Although there have been many researches on the influence of SAM and performance (Agbejule, 2005, Chenhall, 2003, Ismail and Isa, 2011), the development carried out by researchers has been to put the organizational culture contingency variable in investigating the relationships between SAM and performance. The novelty of this study is that we examine the role of organizational culture by developing organizational culture instruments from an Islamic perspective.

## 2. Literature Review and Hypothesis Development

### 2.1. Literature review

It is deemed imperative that the accounting management department find ways in improving the quality of information for users for decision making and organizational productivity (Walker et al., 2012) which will then be used to improve managerial performance (Ismail and Isa, 2011). Traditionally, MAS is related to financial terms and has only an internal focus. However, the growing role of MAS brings it to the evolution of MAS to combine external and non-financial data. A broad-scope MAS provides information that is external-focus e.g. economic conditions; non-financial e.g. customer preferences; and future-oriented e.g. probability (Choe, 1998). The dimensions of MAS consist of scope, time, integration, and aggregation. These dimensions are taken into account in to understand information from the user's perspective (Chenhall and Morris, 1986). According to Soobaroyen and Poorundersing (2008), those dimensions are reliable to measure quality and illustrate the sophistication of MAS.

Contingency theory in organizations claims that there is no universal model that can be accepted in various organizational system designs. For this reason, Gordon and Miller (1976) suggested the use of contingency theory in the development of MAS. The development of accounting information systems depends on the environment, organization and decision-making style (Gordon et al., 2009). The external environment changes of the organization require changes in MAS as well (Haldma and Lääts, 2002, Maina Waweru et al., 2004). Changes are needed because managers need an appropriate MAS that can help them to make decisions on environmental uncertainty and to monitor the development progress of the company's strategy (Baines and Langfield-Smith, 2003). Contingency theory shows that the

working environment of each organization consists of a set of factors (contingencies) such as culture (Abdel-Kader and Luther, 2008, Chenhall, 2003).

Islamic organizational culture is a system of values, beliefs, and habits accepted as guidelines in interacting with people in an organization to produce norms of behavior to worship Allah and bring positive changes to both employees and the organization. Islamic Organizational Culture is values based on the Qur'an, Sunnah, Ijma, and Qias which help its members understand organizational operations. The transmission process of sharing philosophies, visions, missions, values, beliefs, norms, knowledge and skills between members of the organization is guided by the Qur'an and Sunnah to achieve organizational goals effectively and efficiently to obtain the pleasure of Allah (Hoque et al., 2013).

## 2.2. Hypothesis development

The design and use of MAS have now evolved through the combination of traditional and new practices to, especially, provide broad guidance to make decisions. MAS as a set of inputs both in formal and informal processes, outputs, and controls used by management to achieve organizational goals. Thus, the control is connected to many complementary things (Chenhall and Moers, 2015). MAS helps managers to access and use accounting information needed to achieve work objectives, then to increase managerial performance (Baines and Langfield-Smith, 2003, Chong and Chong, 1997). MAS provides useful information for planning, controlling, monitoring and making decisions to help organizations to survive in a competitive environment. This information will then be used to improve organizational performance. As confirmed by (Mia, 1993), the use of MAS information by managers can help them to make more accurate decisions, which will lead to better performance.

MAS can support managers to access and use information needed to achieve company goals and then improve managerial performance (Chung and Su, 2012). Bai and Krishnan (2012) argued that MAS in a company is crucial in organizational development in providing useful information. MAS should include information quality as the main performance measure for the accounting function (Walker et al., 2012, Fleischman et al., 2010). MAS information will help managers make effective decisions and improve organizational performance (Agbejule, 2005, Chenhall, 2003, Ismail and Isa, 2011).

In brief, the framework of this research can be seen in of the following figure:



A structural model for testing the effect of Islamic organization culture on firm performance

### 2.2.1. The Effect of Islamic Organizational Culture on Management Accounting Systems

The culture of a nation influences every aspect of life including accounting. As can be seen from the figure, there is an impact of organizational cultures, organizational characteristics and external environments on management accounting practices. Etemadi et al. (2009) found significant evidence that the application of instruments and techniques for managing organizational culture developed in western countries to make management performance effective is not really useful in Iran. Despite being a management control instrument in general, budgetary participation can be ineffective or even dysfunctional in other environments. In the contingency perspective, it shows that performance can be enhanced by the interaction of organizational culture (Agbejule, 2005).

Furthermore, various concepts of Islamic organizational culture have been developed, but the concepts are still discussed in literature review such as research by (Abbasi et al., 2010); (Byarwati, 2016); (Hoque et al., 2013). Hakim (2012) stated that the development of Islamic organizational cultural identity including tawhid (faith in Allah SWT) is considered the most fundamental concept in Islamic organizational culture. It is the basis of all activities among individuals in the organization. The basis of tawhid makes the culture of Islamic companies build positive employee behaviors which guide the employees' activities in carrying out their duties, so that in the end the company's performance will be better.

The second concept is the Caliph, which means leader or manager. A person should believe that whatever is created by Allah on earth is for good, and whatever Allah gives to humans is as a means of making them aware of their function as the leader on the earth (caliph). Allah has created humans as the caliph of Allah, then humans are responsible to Allah in working according to Allah's instructions and principles. In brief, the second foundation in the organizational culture of Islam is the concept of the caliph (leadership) to be responsible for the management of the organization and later will be accounted for in the hereafter.

Furthermore, we use the concept of Islamic organizational culture developed by Hoque et al. (2013) using twenty-four factors to measure Islamic Organizational Culture. Based on the literature review above, we propose the following hypotheses:

**H1 : Islamic organizational culture positively affects MAS**

## 2.2.2. The Effect of Management Accounting Systems and Firm performance

The appropriate MAS design with consideration of internal factors and environment can improve performance (Ghasemi et al., 2016). Improved firm performance can also be achieved when MAS is widely used (Chenhall and Morris, 1995). (Nuhu et al., 2016) examined the relationships between the use of contemporary packages and traditional management accounting practice packages with organizational change and firm performance. The results show that despite the dominant prevalence of traditional practices, these practices are not related to changes in firm performance. In contrast, organizations that use contemporary management accounting practices on a higher level experience a greater change and stronger performance. Pascal Nevries (2010) found that the performance of management accounting departments have a positive relationship with firm performance. Six factors contribute to the positive relationship with management accounting performance. However, internal factors are found to contribute to a more positive relationship with management accounting department performance than external factors.

Sophisticated MAS is broader in scope, more on time, more integrated and more aggregated than financial institutions. The comprehensive management accounting function is integrated with other functions of the organization (Zaleha Abdul Rasid et al., 2011). From the perspective of contingency theory, MAS is part of the organization, working as a factor in the company's internal context (Abdel-Kader and Luther, 2008, Gordon et al., 2009). The contextual variable of the use of MAS information will affect companies in relation to financial and non-financial performance, companies' operation in high competition markets as a result of adopting MAS information (Mia and Winata, 2008). Ajibolade and Akinniyi (2013), adopting a contingency theory framework, indicated that the sophistication of the MAS design has a positive relationship with performance, and the contingency variable shows a significantly moderate effect.

The scope, timeliness, and aggregation of MAS significantly influence managerial performance. In other words, MAS is crucial in improving managerial performance (Ghasemi et al., 2016). The broader scope, the more timely and aggregated MAS information can help organizations achieve their performance targets. However, the broad scope of MAS does not directly affect managerial performance but through the mediation of the ambiguity role (Chung and Su, 2012). The use of MAS information can improve firm performance by providing feedback about the effectiveness of decision making. Feedback information can help managers to improve performance because it makes possibilities to identify and correct mistakes and reduce task uncertainties by providing relevant information. A well-

7

designed MAS in an organization should support effective managerial decision making, leading to improved organizational performance. The provision of information needed by MAS helps managers improve the quality of decisions, and consequently improve firm performance (Chenhall, 2003, Mia and Chenhall, 1994, Chenhall and Morris, 1986, Gordon et al., 2009). Thus, we propose the following hypothesis:

**Ha2 : Management accounting system positively affects Firm performance**

**2.2.3. The Effect of Islamic Organizational Culture and Firm performance**

Some researchers have conducted organizational culture research but not in an Islamic perspective such as research by Prajogo and McDermott (2011) examining the relationship between organizational culture consisting of four cultural dimensions namely group, development, hierarchical, and rational culture with four types of performance. They found that cultural development is the strongest predictor among four cultural dimensions because it shows a relationship with three performance measures namely product quality, product innovation, and process innovation. Rational culture shows a relationship with product quality, in addition to hierarchical cultural groups in predicting the quality of processes.

Research that examined the impact of organizational culture on manufacturing firm performance confirmed that organizational culture significantly influences firm performance (Wahjudi et al., 2016, Zadeh, 2016). Research on culture has been widely conducted in the banking services sector and the result is that organizational culture in the banking sector affects firm performance directly and significantly (Sofi and Devanadhen, 2015). In the hospital service sector, research also provides evidence of the relationship between culture and performance in hospital settings (Zhou et al., 2011). In contrast, there are some research findings that the culture of banking organizations do not significantly and positively influence firm performance (Rababah and Melhem (2015)).

Then, research on Islamic culture is in development, for example, Zakaria and Abdul-Talib (2010) proposed an Islamic-based view of a market-oriented cultural model. Their research aims to help understand the principles, practices, and values in Islamic culture, then understand the impact of Islamic-based cultural views on the performance of exporting companies. The results showed that the cultural values, attitudes, and beliefs of employees have a big impact on the organization. In other research, Hakim (2012) found that the employee's work is quantitatively in the good category, but qualitatively in the incomplete category (kaffah). Whereas, research of the practice of Islamic human resources on banking performance found that the results of some development of Islamic culture are positively and significantly correlated with firm performance (Byarwati, 2016).

Some research in the field of Islamic organizational culture developed concepts in the form of literature reviews. For example, Hakim (2012) in his research on Islamic banking in Bangladesh develops the cultural identity of Islamic organization into 2 dimensions, namely Tawhid (faith in Allah SWT) which is the most fundamental concept in Islamic organizational culture. Tawhid will form positive employee behavior which is able to drive the activities of employees to carry out their duties, so that in the end, the firm performance will be better. The second dimension is the Caliph, which means the leader or manager, holding principles that whatever is created by Allah on earth is for good, whatever Allah gives to humans as a means of making them aware of their function as the leader on the earth (caliph). Thus, the second foundation in Islamic organizational culture is the concept of the Caliph who is responsible not only in the world but also later to be accounted for in the hereafter. There are some other researchers of Islamic organizational culture whose research is in the form of the literature review of values and behavior such as (Abbasi et al., 2010); (Byarwati, 2016); (Hoque et al., 2013). Thus, we propose the following hypothesis:

**Ha3: Islamic Organizational Culture positively affects the Firm performance**

### **3. Research methods**

#### **3.1. Data collection**

We used a survey method in a Sharia Commercial Bank in Jakarta registered in the Financial Services Authority. Before we distributed the questionnaires, we conducted a preliminary study, aiming to reduce the problem possibilities of answering the research questionnaires which could finally have an impact on the respondents' low response rate. The first preliminary study was conducted to ensure the accuracy of the English translation into Indonesian language, involving three banking practitioners. The second preliminary study aimed to determine the level of reliability and validity of the questionnaires so that the questionnaires are ready to be distributed.

Islamic organizational culture variables being referred were the questionnaire items whose indicators had been used by previous researchers. Then, an explanatory factor analysis (EFA) test was performed to see the uni-dimensionality of the research variables. Factor analysis was carried out to identify the extent of the possibility of being a separate attribute in the variable of Islamic cultural organizations.

#### **3.2 The Measurement of Variables**

##### **Islamic Organizational Culture**

The measurement of Islamic organizational culture variables was developed from (Hoque et al., 2013) research indicators. There are twenty-four items of questionnaire questions to measure organizational culture, whose analysis followed a Likert scale of 1-5 (summated Rating Methods) starting from 1 (least important) to point 5 (Very important).

##### **Management Accounting System**

The MAS instrument in this study used the indicators that had been developed by previous researchers such as (Gordon et al., 2009), (Chenhall and Morris, 1986), (Mia and Goyal, 1991). This study used four dimensions of MAS information characteristics in the form of 20 question items. Respondents were asked about the availability of information in their respective departments consisting of 5 points Likert scale from 1 (not available) to point 5 (very much).

##### **Firm performance**

Firm performance was measured by using four financial indicators, namely return on assets (ROA), return on equity (ROE), return on investment (ROI) and profitability. The first three indicators were used by previous researchers such as Yee et al. (2010), Henri (2006), Yuliansyah et al. (2016). In this case, respondents were asked about how the firm performance in the current year was compared to the previous year using 5 point Likert scale from 1 (far below the average) to 5 (far above the average).

##### **Islamic Organizational Culture**

For the Islamic organizational culture variables, we used indicators from research (Hoque et al., 2013), then questions were arranged based on existing indicators. There were twenty-four questions that had been listed in the research questionnaires to measure the Islamic organization culture. To avoid misunderstanding in the use of the word, we involved the assessment for measuring the suitability between the purposes and question sentences. Furthermore, we had conducted questionnaires for people to measure their understanding of this research field.



### Management Accounting System

The MAS instrument in this study followed the previous researchers Gordon and Miller (1976), Chenhall and Morris (1986), Mia and Goyal (1991). This study used four dimensions of MAS namely scope, integration, aggregation and punctuality.

### Financial Performance

This study saw the performance from the financial aspects, namely ROE, ROA, ROI and, profit.

**Table 1 Demographic information of respondents**

Characteristics of Respondents	Frequency	Percentage (%)
By gender		
Male	91	54
Female	77	46
By age		
20 - 29 Years	38	23
30 - 39 Years	72	43
40 -49 Years	39	23
Above 50Years	19	11
By education		
Diploma/Academy	19	11
Bachelor	125	74
Master and or Doctor	24	14
By Work Unit		
Finance employee	91	54
Risk employee	63	38
Others	14	8
By Years of Service		
1 <Years	24	14
1 - 3 Years	115	69
3 >Years	29	17

### Data Quality Test

Validity Test was used to measure what should be measured. Testing the validity of using PLS can be seen from the test: *Convergent validity*, the measurement scale of loading values of 0.5 to 0.6 is considered sufficient. Convergent validity is very good if AVE (average variance extracted) is above 0.5 (Henseler et al., 2009). *Discriminant validity*, it is assessed by two methods namely the fornell-larcker method to compare square roots of AVE with latent vertical correlation, and the cross-loading method stating that all items must be more than the other constructs. The reliability testing was carried out by referring to Cronbach Alpha and Composite Reliability. (Hulland, 1999) stated that a variable is reliable if it produces a Cronbach Alpha value of  $\geq 0.7$  and Composite Reliability of  $\geq 0.7$ . Reliability testing was done by calculating the correlation of each statement on each variable with a total score.

### Data Analysing Technique

We used is Partial Least Square (PLS) analysis for small sample size and the exploratory analysis. PLS overcame several theoretical and estimation problems in the use of structural equation models that used covariance structure analysis such as AMOS or LISREL (Hulland, 1999). Besides PLS can be used to confirm the theory, and to build relationships that have not had a theoretical basis or to test propositions.

This approach is recommended when theories are more tentative and the size is not well developed to maximize the interpretability of measurements and structural models (Hairs et al., 1998). Data collection was conducted for approximately five and a half months, from January to July 2019. The questionnaires distributed to respondents were 589 copies. The number of questionnaires returned completely and usable in the analysis were 168 copies (31%).

#### 4. Result

To see whether an instrument is reliable, we used a statistical approach namely the cronbach's-alpha coefficient value. If the value is greater than 0.60, then the whole statement is reliable. The results of SPSS version 23 calculations using the Cronbach-Alpha method can be seen in the following table.

Table 2. Research Instrument Reliability Test Results

No	Variable	VariableSymbol	Cronbach's Alpha	N of Item	Standard	Status
1	Habluminaallah	X1	0,86	6	0.60	Reliable
2	Habluminanas		0.84	6	0.60	Reliable
3	Internal		0,84	4	0.60	Reliable
4	External		0.80	3	0.60	Reliable
2	Scope	X2	0,82	5	0.60	Reliable
3	Time		0,83	4	0.60	Reliable
4	Integration		0,77	4	0.60	Reliable
5	Aggregation		0,84	6	0.60	Reliable
6	Performance	Y	0,85	4	0.60	Reliable

Source: Processed Data, 2019

The table above shows that the value of the cronbach's-alpha coefficient of the six variables in this study is greater than 0.60. Thus, it can be concluded that all statements of the six variables used in this study are reliable for the next analysis.

#### Explanatory Factor Analysis

Before analyzing the structural model, we tested the explanatory factor analysis (EFA) to see the unidimensionality of the research variables. Interpreting these exploratory factors requires careful consideration including identifying the similarity of themes in each factor. Four items used to measure the culture of Islamic organizations include the first factor which implies the question of human relations with the creator; the second factor which implies the question of relations between humans; the third factor which includes items related to the internal environment; and the fourth factor which includes items related to the external environment. Each dimension formed will be used in the descriptive analysis. Factor analysis aimed to find the most superior or most dominant variables from the chosen variables. It could also be used to differentiate components or priority variables based on rankings. The results provided the following information: the Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO-MSA) aims to ensure the adequacy of Islamic Organizational Culture data to be analyzed; The calculation result shows that the KMO-MSA is 0.543 which is still above the 0.5 meaning that the data sufficiency is acceptable; While Bartlett's testing aims to analyze multivariate eligibility, the calculation result is 6609.787 with  $p < 0.000$  which means that the correlation between items is sufficient.

Table 3 KMO and Bartlett's Test of Sphericity of Islamic Organizational Culture

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	,543
Bartlett's Test of Sphericity Approx. Chi-Square	6609,787
Df	276
Sig.	,000

The principle of factor analysis is to reduce a large number of variables but not to reduce the information presented.

Table 4. Loading Factor and Communalities Islamic Organizational Culture

Code	Construct dan Item	Item Loadings	Communalities
<b>Habluminallah</b>			
BOI14	The organization facilitates the increasing knowledge about the Quran or the Sunnah.	,917	,879
BOI21	Orientation of every activity in the organization to obtain the pleasure of Allah SWT.	,913	,874
BOI24	The organization provides penalties to employees who break the rules.	,862	,803
BOI5	The organization urges employees to pray Fardhu in congregation	,826	,750
BOI1	Every employee's action is based on the value of worship to Allah	,737	,570
BOI9	The organization prioritizes muamalat value in cooperation between employees.	,653	,467
<b>Habluminannas</b>			
BOI22	The members of the organization greet each other when they meet	,855	,880
BOI4	Leader's fair attitude towards subordinates	,829	,814
BOI3	Good behavior of leaders towards subordinates	,762	,843
BOI16	Mutual respect that forms cohesiveness among members of the organization	,712	,701
BOI15	Collaboration between members of the organization	,755	,721
BOI8	The organization supports employees who dare to reveal the truth	,655	,844
<b>Internal Environment</b>			
BOI23	The organization manages the employees to be clean and neat	,852	,895
BOI19	The leader trusts in subordinates to carry out their duties.	,846	,898
BOI18	The organization regulates dressing procedures that cover awrah.	,685	,859
BOI20	The members of organization have clear responsibilities.	,666	,852
<b>External Environment</b>			
BOI12	Employees have a high work ethic	,786	,806
BOI11	Honest attitude raises confidence in employee behavior	,770	,911

BOI1			
7	Employees are motivated to produce the best.	,615	,516

The first factor collected from factor analysis is the human relationship with Allah (Habluminallah). This factor consists of six items, which range from 0.653 to 0.917. The second factor is about the relations between humans (Habluminannas), consisting of six items which range from 0.655 to 0.855. The third factor, the company's internal environment, consists of four items which range from 0.666 to 0.852. The fourth factor, the company's external environment, consists of three items which range from 0.615 to 0.852.

#### 4.1. Measurement model

The testing of the outer model aims to see the correlation between item scores and construct scores. Based on the estimation of the Average Variance Extracted value, all indicators have a loading factor value above 0.50. Likewise, the value of Outer Loadings are in the following table:

Table 5. Loading Factor

VARIABLE	AGGREGATION	HABLUMINALLAH	HABLUMINANNAS	INTERGRATION	PERFORMANCE	EXTERNAL ENVIRONMENT	INTERNAL ENVIRONMENT	SCOPE	TIME LINE
AGR1	<b>0,78</b>	0,28	0,41	0,49	0,47	0,32	0,37	0,39	0,22
AGR2	<b>0,81</b>	0,19	0,40	0,44	0,42	0,36	0,26	0,39	0,23
AGR3	<b>0,74</b>	0,24	0,32	0,39	0,38	0,25	0,21	0,33	0,21
AGR4	<b>0,84</b>	0,27	0,36	0,38	0,42	0,32	0,25	0,36	0,30
AGR5	<b>0,88</b>	0,27	0,40	0,41	0,44	0,35	0,27	0,37	0,27
AGR6	<b>0,79</b>	0,34	0,41	0,49	0,52	0,36	0,50	0,50	0,20
VER1	0,32	<b>0,89</b>	0,57	0,50	0,61	0,41	0,49	0,53	0,65
VER2	0,31	<b>0,88</b>	0,59	0,49	0,62	0,37	0,60	0,54	0,61
VER3	0,31	<b>0,92</b>	0,59	0,57	0,67	0,48	0,48	0,59	0,65
VER4	0,27	<b>0,84</b>	0,52	0,53	0,60	0,40	0,48	0,53	0,41
VER5	0,30	<b>0,88</b>	0,63	0,50	0,63	0,51	0,55	0,57	0,56
VER6	0,18	<b>0,75</b>	0,52	0,51	0,51	0,36	0,52	0,50	0,29
HOR1	0,30	0,44	<b>0,58</b>	0,61	0,62	0,51	0,30	0,60	0,29
HOR2	0,30	0,35	<b>0,59</b>	0,57	0,62	0,52	0,36	0,63	0,23
HOR3	0,38	0,47	<b>0,75</b>	0,31	0,53	0,43	0,48	0,48	0,56
HOR4	0,43	0,60	<b>0,87</b>	0,50	0,66	0,52	0,73	0,62	0,66
HOR5	0,41	0,58	<b>0,90</b>	0,53	0,70	0,53	0,70	0,68	0,67
HOR6	0,37	0,57	<b>0,86</b>	0,54	0,68	0,62	0,54	0,63	0,60
INT1	0,41	0,53	0,53	<b>0,92</b>	0,68	0,58	0,49	0,70	0,34
INT2	0,50	0,54	0,57	<b>0,97</b>	0,73	0,61	0,51	0,73	0,43
INT3	0,45	0,63	0,66	<b>0,96</b>	0,81	0,66	0,59	0,83	0,51
INT4	0,62	0,46	0,66	<b>0,81</b>	0,74	0,64	0,58	0,69	0,57
PROF	0,46	0,54	0,59	0,65	<b>0,80</b>	0,65	0,44	0,70	0,47
ROA	0,41	0,59	0,71	0,64	<b>0,80</b>	0,59	0,60	0,75	0,54
ROE	0,45	0,55	0,70	0,64	<b>0,81</b>	0,64	0,54	0,72	0,54
ROI	0,45	0,58	0,66	0,66	<b>0,80</b>	0,60	0,47	0,75	0,54
INTRN1	0,41	0,42	0,63	0,64	0,71	<b>0,93</b>	0,43	0,69	0,49

INTRN 2	0,45	0,35	0,59	0,63	0,68	<b>0,90</b>	0,39	0,66	0,40
INTRN 3	0,25	0,52	0,60	0,55	0,64	<b>0,86</b>	0,40	0,61	0,56
INTRN 4	0,34	0,47	0,62	0,59	0,72	<b>0,87</b>	0,46	0,68	0,51
EKS1	0,32	0,51	0,54	0,48	0,49	0,32	<b>0,88</b>	0,46	0,36
EKS2	0,39	0,53	0,63	0,48	0,57	0,41	<b>0,92</b>	0,51	0,48
EKS3	0,34	0,55	0,64	0,60	0,62	0,49	<b>0,85</b>	0,67	0,55
SCOP E1	0,36	0,50	0,39	0,54	0,56	0,33	0,38	<b>0,67</b>	0,27
SCOP E2	0,05	0,28	0,38	0,37	0,45	0,40	0,15	<b>0,60</b>	0,49
SCOP E3	0,42	0,48	0,70	0,66	0,77	0,68	0,49	<b>0,87</b>	0,45
SCOP E4	0,45	0,59	0,73	0,79	0,80	0,65	0,64	<b>0,87</b>	0,47
SCOP E5	0,47	0,51	0,72	0,64	0,81	0,66	0,62	<b>0,78</b>	0,63
TIME1	0,24	0,44	0,49	0,35	0,47	0,45	0,43	0,45	<b>0,79</b>
TIME2	0,22	0,50	0,53	0,46	0,61	0,50	0,45	0,54	<b>0,82</b>
TIME3	0,30	0,48	0,58	0,41	0,51	0,42	0,42	0,46	<b>0,78</b>
TIME4	0,19	0,58	0,55	0,42	0,50	0,38	0,43	0,51	<b>0,82</b>

#### 4.2. Assessment of the structural model

Table 6 shows that the model has good discriminant validity, that is, the loading value of each indicator of a latent variable is greater than the loading value of other latent variables. The reliability can be seen from the value of Cronbachs Alpha and Composite Reliability. The reliability is good if each has a value above 0.60 and 0.7. From the table 6, it can be concluded that all constructs meet valid and reliable criteria. It is indicated by Cronbach's Alpha values > 0.70, composite reliability > 0.80 and AVE above 0.50 as recommended criteria.

Table 6 Discriminant validity of latent variables correlation

Variable	Mean	Standard Deviation	Cronbach Alpha	Composite Reliability	AVE	Correlation										
						AGGR EGI ON	HAB LUM INAL LAH	HAB LUM INAN AS	INT EGR ATION	PE RFO RMAN CE	INT ERNAL VIR ONM ENT	EXT ERNAL IRO NM ENT	SC OPE	TI ME		
Aggregation	27,35	3,25	0,89	0,92	0,66	<b>0,81</b>										
Habluminalah	20,72	4,63	0,93	0,94	0,74	0,33	<b>0,86</b>									

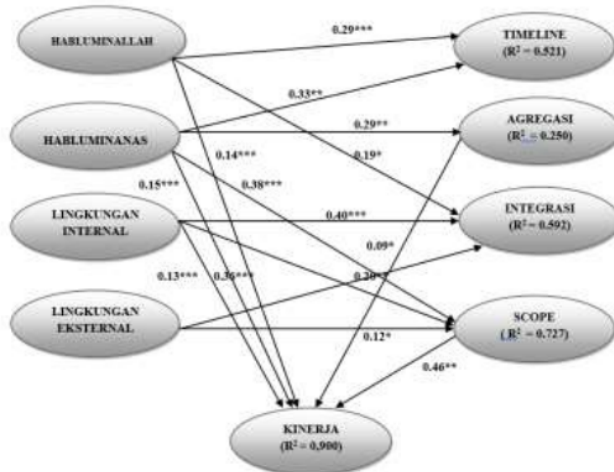
Habluminanas	22,95	3,98	0,85	0,89	0,59	0,48	0,66	<b>0,76</b>								
Integration	14,88	3,25	0,93	0,95	0,84	0,54	0,60	0,67	<b>0,91</b>							
Performance	14,09	2,60	0,81	0,88	0,64	0,55	0,71	0,73	0,17	<b>0,80</b>						
Ex Env	11,06	2,51	0,91	0,94	0,80	0,41	0,49	0,68	0,68	0,77	<b>0,89</b>					
In Env	16,86	3,18	0,86	0,91	0,78	0,40	0,60	0,69	0,59	0,64	0,47	<b>0,88</b>				
Scope	19,10	2,62	0,82	0,87	0,58	0,49	0,63	0,80	0,81	0,71	0,74	0,63	<b>0,76</b>			
Time	17,09	2,55	0,82	0,88	0,65	0,29	0,62	0,67	0,51	0,65	0,55	0,54	0,61	<b>0,80</b>		

The inner relation or structural model describes the relationship between exogenous latent variables and endogenous variables based on substantiation theory

Figure 2 above shows that, from the structural model sub-1, it was obtained that an R-square value was of 0.25, which means that the Aggregation variable can be explained by Habluminallah, Habluminanas, External Environment, and Internal Environment variables by 25% while the remaining 75% was influenced by other variables not being examined. The sub-2 structural model obtained an R-square value of 0.59 which means that the Integration variable can be explained by the Habluminallah, Habluminanas, External Environment, and Internal Environment variables by 59% while the remaining 41% was influenced by other variables not being examined. Sub-structural models obtaining R-square value of 0.90 means that the Performance variable can be explained by the Habluminallah, Habluminanas, External Environment, Internal Environment, Aggregation, Integration, Scope, and Time variables by 90% while the remaining 10% was influenced by other variables not being examined.

Furthermore, the sub-4 structural model obtained an R-square value of 0.73 which means that the Scope variable can be explained by the Habluminallah, Habluminanas, External Environment, and Internal Environment variables by 73% while the remaining 27% was influenced by other variables not being examined. The sub 5 structural model obtained an R-square value of 0.52 which means that the Time variable can be explained by the Habluminallah, Habluminanas, External Environment, and Internal Environment variables by 52% while the remaining 48% was influenced by other variables not being examined.

Figure 2 PLS model with significant path coefficients



Notes: \*\*\*Significant at 1 per cent; \*\*Significant at 5 per cent; \*Significant at 10 per cent;

#### 4.3. Hypothesis Testing

In the significance of the estimated parameters provides information about the relationship between variables. The basis used in testing the hypotheses is the value in the output result for inner weight. To assess the significance of predictive models in testing structural models, it can be seen from the t-statistics between independent variables to the dependent variable in the Path Coefficient table on the SmartPLS output. The limit for rejecting and accepting the proposed hypothesis is if the value of t arithmetic is  $\geq$  or  $\leq$  value of t table (n-k-1). Hypothesis testing will be performed by using the bootstrap method on the sample. Bootstrap testing is intended to minimize abnormal data.

The first hypothesis examines the relationships between Islamic organizational culture variable and MAS variable (H1). Table 7 shows that the path coefficient values of the first Dimension of Islamic Organizational Culture Habluminallah affects the timeline ( $\beta = 0.29$  and  $t = 2.80$ ) and integration ( $\beta = 0.19$  and  $t = 1.76$ ). However Habluminallah has no effect on aggregation ( $\beta = -0.01$  and  $t = 0.14$ ), as well as on scope ( $\beta = 0.12$  and  $t = 1.12$ ). In the second Dimension of Islamic Organizational Culture path coefficient, Habluminannas affects the scope ( $\beta = 0.38$  and  $t = 4.15$ ), the timeline ( $\beta = 0.33$  and  $t = 2.20$ ), and the aggregation ( $\beta = 0.29$  and  $t =$ ), but the dimension of Habluminannas does not affect the integration ( $\beta =$  and  $t = 2.33$ ). In the third Dimension of Islamic Organizational Culture path coefficient value, External Environment affects integration ( $\beta = 0.20$  and  $t = 2.12$ ) and scope ( $\beta = 0.12$  and  $t = 1.78$ ), but the external environment does not affect aggregation ( $\beta = 0.12$  and  $t = 0.91$ ) and timeline ( $\beta = 0.05$  and  $t = 0.54$ ). In the fourth path coefficient value, the Internal Environment affects the integration ( $\beta = 0.40$  and  $t = 4.82$ ) and the scope ( $\beta = 0.36$  and  $t = 5.39$ ), but the internal environment is not effected by aggregation ( $\beta = 0.15$  and  $t = 1.61$ ) and timeline ( $\beta = 0.14$  and  $t = 1.43$ ). The hypothesis was tested by using four dimensions of Islamic Organizational Culture that have been identified empirically in this study. The results are various but they show partial support for the hypothesized relationships. In other words, that the Islamic Organizational Culture has a positive relationship with MAS is partially supported.

The second hypothesis examines the relationship between the MAS variable and the performance variable (H1). Table 7 shows that the MAS dimension of the scope path coefficient ( $\beta = 0.46$  and  $t = 1.98$ ) has a positive effect on performance as well as aggregation ( $\beta = 0.09$  and  $t = 1.89$ ) on performance, but the dimension of integration ( $\beta = 0.09$  and  $t = 0.82$ ) and timeline ( $\beta = 0.02$  and  $t = 0.64$ ) have no effect on performance. The hypothesis tested by using four MAS dimensions shows various results that some results support the hypothesis but only partially support the hypothesized relationship. In other words, the hypothesis that MAS has a positive relationship with performance is supported.

The results of the third hypothesis testing show the relationship between Islamic Organizational Culture and firm performance. Table 7 shows that the coefficient values of most Dimension of Islamic Organizational Culture paths, Habluminallah ( $\beta = 0.14$  and  $t = 2.19$ ), Habluminannas ( $\beta = 0.15$  and  $t = 2.62$ ), internal environment ( $\beta = 0.13$  and  $t = 2.14$ ) have positive effect on performance, only the external environment that does not affect performance ( $\beta = -0.02$  and  $t = 0.55$ ). The third hypothesis testing shows that some of the results support the hypothesis, but the external environment which has no effect on performance shows a partial relationship. In other words, the hypothesis that Islamic Organizational Culture has a positive relationship with performance is supported.

Table 7. The result of PLS structural Model: path coefficient, t- Statistics and R<sup>2</sup>

Dependent Variabel	Independent Variabel								
	Habluminallah	Habluminannas	Internal Environment	External Environment	Integration	Aggregation	Scope	Time	R <sup>2</sup>
Aggregation	-0,01 (0,14)	0,29** (2,33)	0,15 (1,61)	0,12 (0,91)					0,25
Integration	0,19* (1,76)	0,12 (1,30)	0,40** *	0,20** (2,12)					0,59
Scope	0,12 (1,21)	0,38** *	0,36** *	0,12* (1,78)					0,72
Time	0,29** *	0,33** (2,20)	0,14 (1,43)	0,05 (0,54)					0,52
Performance	0,14** *	0,15** *	0,13** *	-0,02 (0,55)	0,09 (0,82)	0,09* (1,89)	0,46 (1,98)	0,02* *	0,90

Table 8. Summary of the hypothesis

Hypothesis	Descriptions	Findings
1	Islamic organizational culture positively affects management accounting systems	Partially supported
2	Management accounting system positively affects firm performance	Partially supported
3	Islamic organizational culture positively affects performance	Partially supported

## 5. Disussion

We discuss four dimensions formed from the cultural characteristics of Islamic organizations namely Habluminallah, habluminannas, internal environment and external environment. The first dimension of Islamic Organizational Culture, Habluminallah, in this study, consists of some points.



First, believing in Allah is shown in every employee's action based on the value of worship to Allah. This means that, in every action, they believe that Allah is omniscient. It is in accordance with the word of Allah: then put your trust in Allah. Indeed, Allah likes those who trust (Ali Imran: 59). The next one is establishing obligatory prayers. As an organization based on Islam, it is not limited to perform prayer but also to pray in congregation. This prayer is in line with the word of Allah: "And establish prayer. Indeed, prayer prohibits immorality and wrongdoing" (Al Ankabut: 45). The third is the spirit of da'wah. The organization prioritizes muamalat values in cooperation among employees. In line with the Word of Allah: "Who is better in speech than one who invites to Allah and does righteousness and says "Indeed, I am the Muslims" (Fushshilat: 33). The fourth is knowledge. The organization facilitates increased knowledge and understanding of the Qur'an and Sunnah according to the word of Allah: "Allah will raise those who have believed among you and those who were given knowledge"(Al Mujadilah: 11). This knowledge is in line with the word of Allah: "And they were not commanded except to worship Allah by purifying adherence to Him"(Al Bayyinah: 5). The fifth is sincerity. Whatever happening in the organization is decree from Allah. The last is morality, the organization provides penalties to employees who break the rules. This rule is in line with the word of Allah: "And indeed, you are of a great moral character" (Al-Qalam: 4).

Based on the results, Hablumnillah especially in terms of timeline and integration positively influences the characteristics of MAS information while the aggregation and scope dimensions cannot be proven. These results show that the Hablumnillah dimension has no effect on the aggregation dimension including in the provision of information in different departments, provision of information in the form of comparisons between periods, impact of events on different functions, effects of different departments, provision of information in an appropriate format for the input of decision model, the provision of information that is likely to carry out different analysis. Habluminallah does not affect the scope dimension which includes the provision of information relating to future events, quantification of the probability of future events, provision of non-economic information such as customer preferences, accommodating extensive information about external factors such as economic conditions, provision of non-financial information related to productivity, and information about markets such as market size.

The second Dimension of Islamic Organizational Culture shows that only Habluminannas consists of: brotherly attitudes towards others (And hold firmly to the rope of Allah all together and do not become divided, Ali Imran: 103); saying hello to each other when you meet (O mankind, indeed We have created you from male and female and made you peoples and tribes that you may know one another, Al Hujurat: 13); Leader's fair attitude towards subordinates (And when you judge between people to judge with justice, An Nisa: 58); leader's good behavior towards subordinates (There has certainly been for you in the Messenger of Allah an excellent pattern for you, Al Ahzab: 21); mutual respect that fosters cohesiveness and cooperation among employees; the supports of the organization for employees who dare to reveal the truth.

The Habluminannas dimension is positively related to the MAS dimensions namely aggregation, scope and timeline, while the dimension of integration cannot be proven. The results show that Habluminannas does not affect MAS in providing work target information precisely to departments in the organization, information relating to the impact of different decisions on firm performance, cost information in pricing at each department in the organization, and information about the impact of corporate decisions on decisions in each department.

The third Dimension of Islamic Organizational Culture shows that the internal environment dimension consists of: regulation of employees' neatness and cleanliness (O children of Adam, take your adornment at every mosque, Al A'raf: 31); leaders' trust with subordinates to carry out their duties (O you who have believed, avoid much (negative) assumption. Indeed, some assumption is sin. Al Hujurat: 12); Islamic dressing procedures (O Prophet, tell your wives and your daughters and the women of the believers to bring down over themselves (part) of their outer garments. That is more suitable that they will be known and not be abused. And ever is Allah Forgiving and Merciful. Al Ahzab: 59);

employees' clear responsibilities. The dimensions of the internal environment positively related to the dimensions of MAS are integration and scope.

The last dimension of the Islamic Organizational Culture is the external environment which consists of: working hard in a way that employees should have a high work ethic in completing work (So when you have finished (your duties), do it seriously (other affairs), Asy Syarh : 7); Honesty that raises trust embodied in employees' behavior (O believers, fear Allah and speak words of appropriate justice, Al Ahzab: 70); and motivation in which the company motivates employees to produce the best (So race to (all that is) good, Al Baqarah: 148). The dimensions of the internal and external environments are positively related to integration and scope dimensions, while empirical aggregation and timeline dimensions cannot be proven. The results show that internal and external environments do not affect the aggregation dimension, and the timeline dimension consisting of the provision of timely information on demand can be accessed automatically and immediately. Systematic reports and relevant information reported immediately after the event can be accessed as well.

Internal and external dynamics of the organization will establish formulaic use of MAS related to firm performance (Chenhall and Langfield-Smith, 2007); (McManus, 2013). In other words, organizational culture is crucial key area that influences how the main initiatives are implemented, how quickly organizations can react to market changes, and whether organizations can navigate major changes in the business environment (Kimbrough and Compton, 2009). The organization has been able to manage contingency dynamics for better conformity by using accounting systems in achieving firm performance. In brief, the hypothesis that Islamic Organizational Culture has a positive effect on SAM is partially supported. Some results of this study support previous researchers that organizational culture positively influences MAS (Agbejule, 2005). It means that the company has built a unique internal culture because competitors can imitate some of the technological advancement (Fawcett et al., 2008).

The structural equation model results regarding the relationship of the MAS dimensions to firm performance shows that the Aggregate and timeline dimensions have a positive relationship with firm performance, while the dimensions of integration and scope cannot be proven. The timeline dimension consisting of information that is available on time, automatically available, the frequency of occurrence, and the availability of relevant information after an event is related to performance. Likewise, MAS aggregation significantly influences performance which means that MAS information characteristics are crucial in improving managerial performance in an intense competition. The broader scope and aggregation of MAS information can help organizations to achieve their performance targets. (Chung and Su, 2012) found that the broad scope of MAS does not directly affect managerial performance. In line with Ghasemi et al., (2016), there is a relationship between MAS and managerial performance in financial organizations. Furthermore, performance improvement can be done by designing the appropriate MAS and by considering internal and external environmental factors. Islamic Commercial Banks should begin to develop and adopt a comprehensive and integrated company accounting system with other functions of the organization.

From the perspective of contingency theory, the findings show that some dimensions of SAM affect performance while others do not. Different from previous studies, this study supports the principle of contingency theory that there is no universally appropriate system which can be applied in all types of organizations (Cadez and Guilding, 2008, Chenhall, 2003, Sim and Killough, 1998, Mia and Clarke, 1999, Chenhall and Morris, 1995, Ajibolade and Akinniyi, 2013, Zaleha Abdul Rasid et al., 2011)

Another result regarding the relationship of four characteristics of Islamic organizational culture formed on firm performance shows a positive relationship. The elements of the characteristics of Islamic Organizational Culture that have been developed in the organization improve individuals' performance. In line with (Abbasi et al., 2010), lack of a value system in organizational culture is the

reason for many problems to occur in organizations today. Thus, if there is a good organizational culture, then each party will act accordingly to the culture and will finally lead to better performance. This study supports previous studies that Islamic Organizational Culture has a positive effect on firm performance (Wahjudi et al., 2016, Rababah and Melhem, 2015, Zadeh and -, 2016). Management accounting technique is part of a broader organizational supervision system that is not only individually limited in context (Otley, 1999). The organization has many controls used to align individual activities with organizational goals (Kärreman and Alvesson, 2004, Flamholtz et al., 2016, Otley, 1978). Managers in financial organizations can improve their performance through an appropriate MAS and by considering internal and environmental factors. MAS is considered having advantages when producing sophisticated information.

Many theoretical and empirical literature reviews show that there is no universal management accounting system that can be applied for all organizations because it depends on the company's characteristics and the features of the internal environment (Chenhall, 2003). The contingency approach of management accounting proposes that an organization can operate more efficiently if it implements and utilizes MAS in accordance with the organization and existing environmental conditions (Hoque, 2004). An appropriate contingency approach has a positive effect on performance because this approach assumes that the organization operates efficiently by using structures and processes that are appropriate with environmental factors. We used a contingency approach as an analytical framework to study the influence of culture as a contingent variable. This contingent factor was chosen because of the uniqueness of Indonesian culture where national culture might not reflect local culture because Indonesia is a multiethnic country. Then, it is very important to understand culture in an organization (Hofstede, 1998). Meanwhile, strongly supports that organizational development can promote human values. In this case, organizational development should be combined with organizational culture effectively to make people work efficiently.

## 6. Conclusions, limitations and future research

The results show that companies adopting MAS with sophisticated information characteristics and developing an Islamic organizational culture have the chance to win the competition. The concept of Islamic organizational culture which is a combination of values and beliefs that have been implemented in daily behavior in a company following the Qur'an and Hadith is proven to improve firm performance.

The limitation of this study is that we only focused on Sharia commercial banks without considering other different types of banks, in this case, sharia rural banks. Another limitation, the method used is a survey method based on questionnaires distributed. We recommend for further research to use a mixed-method to further investigate the culture built in sharia banks. Additionally, further studies can also compare the culture of organizations built in Islamic commercial banks and Islamic finance banks.

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PAGE 1

PAGE 2

PAGE 3

PAGE 4

PAGE 5

PAGE 6

PAGE 7

PAGE 8

PAGE 9

PAGE 10

PAGE 11

PAGE 12

PAGE 13

PAGE 14

PAGE 15

PAGE 16

PAGE 17

PAGE 18

PAGE 19

PAGE 20

---

PAGE 21

---

PAGE 22

---

PAGE 23

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