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**The Influence of Islamic Organizational Culture, and Islamic Corporate Governance on Islamic Ethical Behavior with Supervision as a Moderation Variable**

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**Abstract-** This study aims to examine the influence of Islamic Corporate Governance and Islamic organizational culture on ethical behavior of Islam which is moderated by supervision. The number of respondents examined in this study was 292 respondents, all respondents were employees of several agencies of the Ministry of Religion of South Sulawesi province. The instrument used in this study was a questionnaire. The questionnaire had passed the instrument test phase and was declared valid and reliable in measuring all research variables. The method used in this research is a quantitative research method. The research data were analyzed using SEM analysis technique based on PLS with the help of the SmartPLS program.

Based on the analysis of research data, the results show that partially the culture of Islamic organizations and Islamic corporate governance affect the ethical behavior of Islamic employees, this shows that the better the application of Islamic organizational culture and Islamic corporate governance in the environment of the ministry of religion in South Sulawesi, the higher ethical behavior of Islamic employees, in addition, the results of the analysis also show that supervision is proven to moderate (strengthen) the influence of Islamic organizational culture and Islamic corporate governance on Islamic ethical behavior. The implementation of Islamic organizational culture and good Islamic corporate governance within the Ministry of Religion, if supported by good work supervision can increase the high ethical behavior of Islam.

**Keywords:** Islamic organizational culture, Islamic corporate governance, Islamic ethical supervision and behavior.

## **I. Introduction**

Discussion on ethics has always been a hot issue for further study. Ethics in Islam are based on the Qur'an and Assunnah, then the essence of Islam itself is morals in which all aspects of the teachings prescribed in Islam contain ethical content .. But Along with the development of the times, moral values began to be mortgaged with the seduction of the world. Increasingly unethical behaviors are included in the economic sector. Precious morals are also expected to decorate the culture of the organization. Organizational culture is the main key in the success of an organization. The culture of Islamic organizations plays an important role in achieving organizational goals, specifically shaping individual behavior in the organization. Likewise, the application of Islamic

corporate governance can also reduce the level of fraud. In addition, it can increase compliance with laws and regulations as well as ethical values that apply generally and prevent irregularities. In addition to the application of Islamic organizational culture and Islamic corporate governance, a supervisory role is also needed in the achievement of Islamic ethical behavior. The role of supervision is crucial for achieving organizational success and progress. The purpose of supervision is to basically compare the existing conditions with those that should be, so that if deviations are found, corrective action is taken immediately.

## **II. LITERATURE REVIEW**

### **a. Stewardship Theory**

Stewardship theory is often referred to as management theory (stewardship). Wilson (2010) states that stewardship theory can be applied to accounting research in public sector organizations such as government organizations and other non-profits. The application of the theory of stewardship to this research can explain the existence of the ministry of religion as an institution that can be trusted to act in accordance with the public interest by carrying out its duties and functions appropriately.

### **b. Ethical Theory**

In Arabic ethics is known as morals which means character, temperament, behavior and character. The implication of ethical theory on this research, can explain the benchmarks of Islamic ethical behavior of all stakeholders in the ministry of religion in the district of Gowa which is the moral character derived from values in the Qur'an and As-Sunnah.

## **III. HYPOTHESIS**

H1: Islamic organizational culture positively influences Islamic ethical behavior.

H2: Islamic corporate governance has a positive effect on ethical behavior in Islam.

H3: The higher the level of supervision the stronger the influence of Islamic organizational culture on Islamic ethical behavior.

H4: The higher the level of supervision, the stronger the influence of Islamic corporate governance on Islamic ethical behavior

## **IV. METHODOLOGY**

This research is a survey research which is an information gathering technique carried out by compiling a list of questions asked to respondents. This study aims to test the hypothesis about the

influence of Islamic organizational culture and Islamic corporate governance on ethical behavior with supervision as a moderating variable.

This research was conducted in 64 institutions of the Ministry of Religion with a total sample of 292 employees. Analysis of research data using PLS.

## V. DISCUSSION RESULTS

### a. Testing for direct influence

1. The p value of the influence of Islamic organizational culture on Islamic ethical behavior (BOI → PEI) is 0.009 with a T value of 2.339 and a positive path coefficient of 0.090. Therefore the p value obtained <0.05 and T value> 1.96 and the positive path coefficient  $H_0$  is rejected and concluded that Islamic organizational culture has a positive and significant effect on ethical behavior of Islam, the better the Islamic organizational culture, the higher the behavior ethical Islam, and vice versa. This supports hypothesis 1 in this study so that hypothesis 1 is accepted.

2. The p value of the influence of Islamic corporate governance on Islamic ethical behavior (ICG → PEI) is 0,000 with a T value of 13,591 and a positive path coefficient of 0.509. Because the p value obtained <0.05 and T value> 1.96 and the positive path coefficient,  $H_0$  is rejected and concluded that Islamic corporate governance has a positive and significant effect on ethical behavior of Islam, the higher the Islamic corporate governance, the higher the ethical behavior Islam, and vice versa. This supports hypothesis 2 in this study so that hypothesis 2 is accepted.

3. The p value of the influence of supervision on Islamic ethical behavior (PG → PEI) is 0,000 with a T value of 20,469 and a positive path coefficient of 0.740. Because the p value obtained <0.05 and T value> 1.96 and the positive path coefficient,  $H_0$  is rejected and it is concluded that supervision has a positive and significant effect on ethical behavior of Islam, the better the supervision the higher the ethical behavior of Islam, and vice versa .

### b. Testing for the effects of moderation

1. The p value of the role of supervision in moderating the influence of Islamic organizational culture on Islamic ethical behavior (MOD\_BOI → PEI) is 0,000 with a T value of 9,886 and a positive path coefficient of 0.352. Because the p value obtained <0.05 and T value> 1.96 as well as the positive path coefficient,  $H_0$  is rejected and concluded that supervision can moderate (strengthen) the influence of Islamic organizational culture on Islamic ethical behavior, good supervision will encourage high behavior ethical Islamic employees as the cause of implementing a good Islamic organizational culture. This supports hypothesis 3 in this study so that hypothesis 3 is accepted.

2. The p value of the role of supervision in moderating the influence of Islamic corporate governance on Islamic ethical behavior (MOD\_ICG → PEI) is 0.003 with a T value of 2.710 and a positive path coefficient of 0.060. Because the p value obtained <0.05 and T value> 1.96 and the positive path coefficient,  $H_0$  is rejected and concluded that supervision can moderate (strengthen) the influence of Islamic corporate governance on ethical behavior of Islam, good supervision will encourage high

behavior ethical Islamic employees as the cause of the implementation of good Islamic corporate governance. This supports hypothesis 4 in this study so that hypothesis 4 is accepted.

## **VI. CONCLUSION**

Islamic organizational culture has a positive and significant effect on the ethical behavior of Islam, the better the culture of Islamic organizations is carried out, the better the ethical behavior of Islamic employees of Kemenag

Islamic Corporate Governance has a positive and significant effect on the ethical behavior of Islam, the better the Islamic corporate governance is carried out, the better the ethical behavior of the Islamic Ministry of Religion employees.

Supervision can strengthen the influence of Islamic corporate governance on Islamic ethical behavior, good supervision will strengthen the influence of the application of Islamic corporate governance to ethical Islamic behavior.

Supervision can strengthen the influence of Islamic organizational culture on Islamic ethical behavior, good supervision will strengthen the influence of Islamic organizational culture on ethical behavior of Islam.

## **VII. Implication**

The results of this study can have implications for the ministry of religion in implementing ethical Islamic behavior in order to consider the causes. In addition, this result is an evaluation material for the ministry of religion in increasing the mandate at work and making it a form of worship to God so that the exemplary attitudes of the Prophet sallallaahu alaihi wasallam in the form of shiddiq, amanah, tablik and fathonah can be imitated in Islamic organizational culture with good supervision .

## **VIII. Research Limitations**

This research was conducted in the presence of several limitations. The limitations referred to originate from within and from outside the researcher. Limitations in this study include:

1. Taking Samples of research that are used irregularly so that the data obtained is not evenly distributed from one agency to another. Different results might be obtained if the study was conducted with the right sampling method.
2. The research variables used are limited to Islamic corporate governance variables, Islamic organizational culture and are strengthened by monitoring variables. Other variables that still influence Islamic ethical behavior in working within the ministry of religion still need to be examined.

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