SUMMARY

IRADATI ZAHRA. Relationship of Leadership Style and Organizational Culture with Job Satisfaction of Employees at PT Bank Muamalat Indonesia Tbk Bogor Branch. Supervised by BONAR M. SINAGA and SADIKIN KUSWANTO.

PT Bank Muamalat Indonesia, Tbk founded in 1991, is one of Indonesia’s earliest pioneers in Islamic banking. When monetary crisis hit Southeast Asia in mid-1997 to 1998, economy in Indonesia was severely hurt, resulting in problems such as major business losses and serious case of bad credits. Conventional banks struggled heavily during this time, as they were still obligated to compensate their customers with interests, which resulted in many Indonesian conventional banks being liquidated. PT Bank Muamalat Indonesia, Tbk as the first sharia bank in Indonesia, managed to survive the ordeal albeit its relatively small size at that time.

This phenomenon has prompted various parties to establish banks adopting sharia system, whether it is pure sharia or a dual system consisting of both sharia and conventional banking. This trend is also encouraged by the fact that the majority of Indonesians are Moslem, which further makes sharia banking industry even more attractive. The ever-growing number of sharia banks being established in Indonesia presents an intensified competitive situation for PT Bank Muamalat Indonesia, Tbk as a first-mover in Indonesian sharia banking industry. The level of competition involves numerous aspects, including product, service,human resources, and sales promotion. In order to maintain its leadership position in the sharia banking industry, PT Bank Muamalat Indonesia, Tbk must take definitive steps in effort and innovation that will assist in defending, and hopefully improving, its market share.

The branch manager’s role in determining the success of a branch that he leads is unavoidably crucial. Therefore, it is important for a leader to be able to bridge different opinions and handle varying situations effectively and efficiently, which is what this research is aiming to study. In addition, this research is also expected to be able to analyze the prevailing organizational structure in a way that would be beneficial to the employees. One of the most important factors in an organization’s growth and development is its employees’ job satisfaction, which calls the need for a research that could explain the relationship between the three factors: leadership style, organizational culture, and employee job satisfaction. The main purpose of this research is to develop steps or a strategy that would be useful in PT Bank Muamalat Indonesia, Tbk Bogor Branch’s advancement and success in the long term.

The purpose of this study is as follows: (1) to analyze the relationship between leadership style and organizational culture with employee job satisfaction in PT Bank Muamalat Indonesia, Tbk Bogor Branch; (2) to analyze the relationship between leadership style and organizational culture with employee job satisfaction based on age, gender, job tenure, marital status, educational level, residential status, distance between home and office, parental status (whether or not that particular employee has an infant child), and work units in PT Bank Muamalat Indonesia, Tbk; and (3) recommend a strategy to improve employee job satisfaction.
The sampling method utilized in this research is census, where the research involved all 60 banking staff employed under PT Bank Muamalat Indonesia, Tbk Bogor Branch, comprising of: employees stationed in the primary branch, three supporting branches, and two cash offices. Respondents were also grouped according to both demographic and non-demographic factors. Demographic factors include age, gender, marital status, residential status, parental status, while non-demographic factors include job tenure, educational level, distance between home and office, and work units. The research method employed in achieving the first research objective is Spearman rank correlation analysis, while the chi-square test is utilized to achieve the second research objective.

Results obtained from the research showed that the leadership style and organizational culture is indeed related to employee job satisfaction in PT Bank Muamalat Indonesia, Tbk Bogor Branch. Delegational style of leadership was proven to possess the strongest relationship with employee job. Furthermore, in the organizational culture dimension, aggressiveness was proven to possess the strongest relationship with employee job satisfaction. Based on demographic and non-demographic factors, work units and marital status held perception differences towards leadership style and employee job satisfaction. Other characteristics (age, gender, job tenure, educational level, residential status, distance between home and office, and parental status) held perception differences towards the relationship between organizational culture and employee job satisfaction.

The recommended strategy to improve employee job satisfaction, in relation with leadership style and organizational culture, in PT Bank Muamalat Indonesia, Tbk Bogor Branch is for the leader to adapt more in implementing leadership styles such as delegating, telling, selling, and participating, and in regard to organizational culture, aspects such as stability, benefit orientation, attention to details, team orientation, innovation and risk taking, aggressiveness, and people orientation. If the company seek to improve its employees’ job satisfaction, the company should place a higher priority in its organizational culture, bearing in mind that organizational culture variables possess a stronger relationship compared to the leadership style variables.

**Key words:** Leadership Style, Organizational Culture, Job Satisfaction