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The Effect of Good Corporate Governance on Employee Performance Through Job Satisfaction

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Abstract

This article aims to empirically examine the effect of Good Corporate Governance (GCG) principles on job satisfaction and employee performance, and analyze the role of job satisfaction in mediating the effect of GCG on employee performance.The research method used is a verifiable research method with a quantitative approach. The data collection technique used is a questionnaire distributed to employees who work at Islamic banking institutions in the city of Bandung. The data analysis technique used was assisted by the SEM PLS statistical technique with a sample of 118 employees of Islamic banking institutions in the city of Bandung. The results of the study show that the implementation of GCG principles has a positive and significant effect on job satisfaction and employee performance, job satisfaction has a positive and significant effect on employee performance and the implementation of GCG principles has a positive and significant effect on employee performance through job satisfaction.

Keywords: GCG Principles; Job Satisfaction; Employee Performance.

Introduction

The development of Islamic banking in Indonesia shows great potential, driven by the largest Muslim population in the world. However, reality shows that the development of Islamic banking is still far from expectations. Such as fictitious financing cases to alleged corruption cases, which have occurred since 2018 until now.

A fictitious financing case in 2018 worth Rp 1.1 trillion by authorized officials at Bank Syariah Mandiri (Cnnindonesia.com, 2018). In the same year, BJB Syariah has had an alleged corruption case worth Rp566 billion (Falatehan, 2018). Next, there was a case of problematic financing of Rp 1.3 trillion at Bank Panin Dubai Syariah (Djarot, 2019).

In 2019, there was a case of embezzlement of customer funds amounting to Rp 35 billion at Bank Syariah Mandiri (MAKI, 2019). The above case proves that the management of Islamic banking has violated the principle of responsibility in GCG and

is too aggressive and too daring to take risks, which ultimately leads to corruption crimes that can cause losses to the Indonesian state. The poor implementation of GCG in Islamic banking can be caused by the poor implementation of organizational culture based on Islamic values, commonly referred to as Islamic organizational culture (Widiatmika & Darma, 2018); (Lestari, Nurfahmiyati, Oktaroza, & Putra, 2021).

(Sarbah & Xiao, 2015) explained that good corporate governance contributes to sustainable economic development by improving company performance. In the academic literature, experts explain that there are two governance mechanisms, namely formal/contractual governance and informal/relational governance(Lakshika & Priyanath, 2018); (Sapukotanage, Warnakulasuriya, & S. Yapa, 2017). In formal governance, managers supervise employees through legal contracts (Sapukotanage et al., 2017). Job satisfaction is an important thing for every individual at work. Job satisfaction is an attitude that arises when a person's expectations are in line with what they receive (Nirmalasari, 2014). Factors that contribute to achieving good governance and job satisfaction include organizational citizenship behavior (OCB), transformational leadership style, and employee work ethic.

This fact is based on previous research on good governance, job satisfaction, organizational citizenship behavior (OCB), transformational leadership style, and work ethic. Among the results of the study, (Vidianingtyas & Putri, 2014), (Octaviannand, Pandjaitan, & Kuswanto, 2017)and (Layaman & Jumalia, 2018) explain that job satisfaction affects employee performance; (Ramadhan, Susilo, & Aini, 2018) explain that OCB affects employee performance; Study results by (Darto, 2014) explained that OCB has an effect on improving individual performance in the public sector; Results of the study (Vega, 2016) explained that improving employee performance can contribute to the achievement of good governance.

The most valuable asset for a business organization or company is human resources because they are at the core of a company's operational initiatives and policies. The presence of high-performing human resources can help the company achieve its goals (Rahmawani & Syahrial, 2021). Employee success is crucial for a company's goal achievement. A reliable workforce is key to optimal performance, influenced by knowledge, skills, and experience. Poor communication, discipline, and low satisfaction hinder performance. To achieve high performance, companies must improve good corporate governance, organizational culture, and work motivation, leading to increased job satisfaction and ultimately, high performance. Job satisfaction is described as a pleasant attitude of the workforce, encompassing thoughts and actions that show appreciation for the achievement of one of the main principles of work (Afandi, 2018).

Based on the background that has been presented, the problem identification in this study is: "Does good corporate governance affect employee performance through job satisfaction in Islamic banking institutions in Bandung City?". The purpose of this study is to be able to explain whether good corporate governance affects employee performance through job satisfaction in Islamic banking institutions in the city of Bandung.

Research Method

The research method used in this study is a verifiable research method with a quantitative approach. The verifiable method is a method used to find out and test data by using statistical calculations to answer problem formulations (Sugiyono, 2017:36). Quantitative methods can be interpreted as research methods based on the philosophy of positivism, used for research on certain populations or samples, data collection using research instruments, quantitative/statistical data analysis, with the aim of testing predetermined hypotheses (Sugiyono S, 2021).

The population in this study is employees who work at Islamic banking institutions in the city of Bandung. The sampling technique used is non-probability with a convenience sampling approach. The sample in this study is at least 30 samples, in accordance with the rule of thumb proposed by Roscoe (1975) in (Sekaran Uma; Bougie Roger, 2016), so that the number of respondents in this study was 118 people. The analysis tool used in this study is SmartPLS version 3.0

The Likert Scale is useful for measuring individual attitudes, opinions, and perceptions towards social phenomena (Sugiyono S, 2021). Through the Likert scale, variables are measured and explained through dimensions, then divided into sub-variables. These sub-variables are translated into measurable indicators. These indicators eventually form the basis for creating an instrument item, which can be a statement or a question that the respondent must answer (Dr. Sudaryono, 2018).

(Sekaran & Bougie, 2017) explained that in quantitative research using primary data and questionnaires, testing research instruments through validity and reliability tests is a mandatory step. This is done to ensure the accuracy and reliability of the data collected. In this study, the instrument

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test was carried out by evaluating the measurement model (outer model) using a reflective indicator construct that includes validity and reliability, using Structural Equation Modeling - Partial Least Square (SEM-PLS) and SmartPLS 3.0 software. The Structural Measurement Model (SEM) based on Partial Least Square (PLS) and SmartPLS 3.0 as a supporting application will be used in the statistical analysis of this research verification. According to Nariwati (2008) in (Lestari, Ramdani, Purnamasari, & Nurfahmiyati, 2023), verification methodology is a way to validate hypotheses through statistical methods by collecting data from various sources such as field data and reports.

In addition, the hypothesis testing design is carried out through an inner model that can be used to test the relationship between latent variables based on hypotheses and produce the significance of the influence of exogenous variables on endogenous variables (Rahman et al., 2023). (Ghozali, 2015) Explain that the inner model consists of the following calculations:

In the inner model, it was tested by looking at the percentage variation in the R-Squares value. In SmartPLS 3.0 software, the R-Squares value for each endogenous latent variable can be tested as the predictive power of the structural model, with R-Squares values of 0.75, 0.50, and 0.25 describing that the model is strong, moderate, or weak (Ghozali, 2015).

F-Square is used to determine the magnitude of partial influence (Rahman et al., 2023: 88). Chain (1998) in (Ghozali, 2021) describes the criteria of f-Square, which consists of: 0.02 has a small effect; 0.15 has a moderate effect, and; 0.35 has a big influence. Furthermore, hypothesis testing can be carried out to answer research questions after the testing of measurement models and structural models is completed. Then, it is necessary to test with SmartPLS 3.0 through the bootstrapping function, regardless of whether a hypothesis is accepted or rejected. In addition, hypothesis testing can be seen from the value of the path coefficient calculation through testing the inner model against bootstrapping (Ghozali, 2021). In hypothesis testing using SmartPLS 3.0, the significance test is assessed based on how significant the effect is if the p value < 0.05 or the t value > 1.96 through the bootstrapping function (Rahman et al., 2023: 88).

Results & Discussion

Melikan Good corporate governance has a positive impact on employee performance through job satisfaction at Islamic banking institutions in Bandung. The better the governance, the better the employee performance. Good governance not only improves performance, but also motivates employees to perform well, which in turn increases job satisfaction and better overall performance. This is stated because of the following description.

This study examines the impact of Good Corporate Governance (GCG) principles on employee performance through job satisfaction in Bandung's Islamic banking institutions. Using structural equation modeling with partial least square method, the analysis involves two models: measurement (manifest-latent variable relationships) and structural (independent-dependent latent variable influences). The full model is shown in Figure 1.

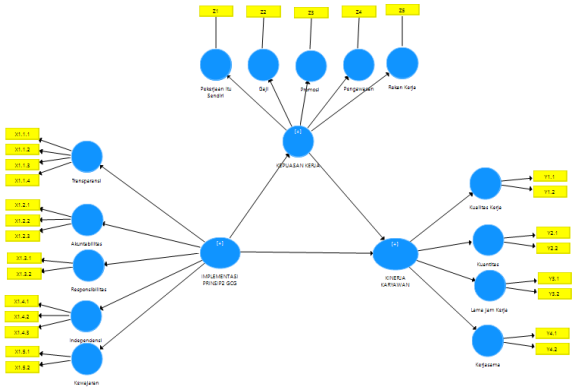

Figure 1. *Full model Path Diagram*

The measurement model is a model that connects latent variables with manifest variables. In this study, there are three variables with a total of 27 manifest variables. The variables for the implementation of GCG principles consist of 14 manifest variables, job satisfaction consists of 5 manifest variables and job satisfaction consists of 8 manifest variables.

This research model will be analyzed using Partial Least Square (PLS) method with SmartPLS 3.0 software, an alternative to Structural Equation Modelling (SEM) that handles complex variable

relationships. The analysis involves testing the outer model (measurement model) for statistical significance and the inner model (structural model) for hypothesis testing.

Testing the outer model (measurement model) in this analysis, the results are as follows:

1) Convergent Validity

Convergent validity is assessed by examining item reliability through loading factor values, which represent the correlation between question item scores and construct indicator scores. A loading factor >0.7 is considered valid, although Hair et al. (1998) suggest 0.3 as the minimum, 0.4 as better, and 0.5 as significant. This study uses a 0.7 threshold, with results shown in Table 1 after processing with SmartPLS 3.0.

Table 1
First Iteration Loading Factor Value

Variable	Indicators	Loading Factor
Implementation of GCG Principles (X1)	X1.1.1	0.716
	X1.1.2	0.726
	X1.1.3	0.782
	X1.1.4	0.738
	X1.2.1	0.706
	X1.2.2	0.701
	X1.2.3	0.752
	X1.3.1	0.723
	X1.3.2	0.738
	X1.4.1	0.765
	X1.4.2	0.714
	X1.4.3	0.764
	X1.5.1	0.786
	X1.5.2	0.724
Job Satisfaction (Z)	Z1	0.797
	Z2	0.807
	Z3	0.791
	Z4	0.776
	Z5	0.769
Employee Performance (Y)	Y1.1	0.706
	Y1.2	0.716
	Y2.1	0.786
	Y2.2	0.763
	Y3.1	0.748
	Y3.2	0.758
	Y4.1	0.722
	Y4.2	0.756

Source : Primary Data Processed, 2024

From the results of data processing with SmartPLS shown in Table 1, all indicators in each variable in this study have a loading factor value greater than 0.70 and are said to be valid. Meanwhile, those with a loading factor value of less than 0.70 are gradually eliminated until there is no longer anyone whose loading factor is less than 0.70. This shows that variable indicators that have a loading factor value greater than 0.70 have a high level of validity, so they meet convergent validity.

2) Discriminant Validity

The validity of discrimination aims to determine whether a reflective indicator is indeed a good measure for its construct based on the principle that each indicator must be highly correlated with its construct alone. Different construction measures should not be highly correlated (Ghozali and Latan, 2015).

In the SmartPLS application, the validity test of discrimination uses cross loadings and Fornell-Larcker Criterion, and Heterotrait-Monotrait (HTMT) values (Henseler, Ringle, & Sarstedt, 2015)

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Discriminant validity aims to test to what extent a latent construct is completely different from other constructs. A high value of discriminant validity indicates that a construct is unique and able to explain the phenomenon being measured. In this case, the validity of discrimination uses the Fornell-Larcker Criterion, that is, a construct is said to be valid, namely by comparing the root value of the AVE (Fornell-Larcker Criterion) with the correlation value between latent variables. The root value of AVE must be greater due to the correlation between latent variables.

Table 2
Correlation value between constructs with square root value AVE (Fornell-Larcker Criterion)

	1.2	**2**	**1.4**	**4**	**1.5**	**1**	**2**	**3**	**1**	**4**	**3**	**5**	**1.3**	**1.1**
1.2	.762													
2	.475	.000												
1.4	.467	.282	.787											
4	.441	.478	.384	.778										
1.5	.412	.334	.587	.467	.889									
1	.472	.388	.412	.401	.270	.804								
2	.613	.443	.211	.412	.245	.519	.854							
3	.503	.337	.288	.531	.331	.504	.386	.808						
1	.462	.608	.171	.399	.338	.294	.351	.477	.000					
4	.452	.349	.309	.325	.298	.258	.320	.428	.392	.000				
3	.604	.627	.418	.481	.346	.390	.513	.422	.503	.325	.000			
5	.418	.445	.342	.464	.473	.193	.257	.348	.512	.482	.506	.000		
1.3	.608	.309	.409	.306	.370	.283	.350	.223	.314	.393	.403	.457	.752	
1.1	.547	.462	.428	.458	.463	.408	.382	.514	.494	.336	.482	.367	.467	.772

Source : Primary Data Processed, 2022

Table 2 shows that the square root value of AVE for each construct is greater than the correlation value so that the constructs in this research model can be said to have good discriminatory validity.

3) Composite Reliability

The outer model can also be measured by assessing convergent validity and discriminant validity by looking at the reliability of the construct or latent variable measured by the composite reliability *value.* If the composite reliability has a value of > 0.7, then the construct is declared reliable. The output results of SmartPLS for composite reliability values can be shown in Table 3:

Table 3
Cronbach's Alpha and Composite Reliability Values

	Cronbach's Alpha	rho_A	Composite Reliability	Average Extracted Variance (AVE)
Accountability	0.763	0.783	0.805	0.580
Salary	1.000	1.000	1.000	1.000
Gcg Prinsip2 Implementation	0.852	0.856	0.879	0.683
Independence	0.695	0.706	0.830	0.620
Job Satisfaction	0.819	0.825	0.874	0.583
Employee Performance	0.770	0.784	0.833	0.743
Collaborate	0.722	0.739	0.753	0.606
Fairness	0.736	0.742	0.883	0.791
Quality Of Work	0.740	0.715	0.785	0.646
Quantity	0.783	0.764	0.843	0.729
Length Of Working Hours	0.721	0.718	0.788	0.653
The Job Itself	1.000	1.000	1.000	1.000
Supervision	1.000	1.000	1.000	1.000
Promotion	1.000	1.000	1.000	1.000
Co Workers	1.000	1.000	1.000	1.000
Responsibility	0.731	0.742	0.721	0.565
Transparency	0.754	0.734	0.795	0.595

Source : Primary Data Processed, 2024

From the output results of SmartPLS in Table 3, it shows that the value of Cronbach's alpha and composite reliability for all constructs is above 0.60. With the resulting value, all constructs have good reliability in accordance with the minimum value limit that has been required.

4) Multicollinierity Test

The multicollinearity test was carried out using the Variance Inflation Factor (VIF), the multicollinearity test presented in Table 4 showed that this structural model was not tentatively affected by the collinearity problem because the VIF for construction was below the maximum threshold of 10 (O'Brien, 2007)

Table 4
Variance Inflation Factor (VIF) Value

	VIF
X1.1.1	1.292
X1.1.1	1.584
X1.1.2	1.484
X1.1.2	1.746
X1.1.3	1.243
X1.1.3	1.454
X1.1.4	1.133
X1.1.4	1.694
X1.2.1	1.095
X1.2.1	1.769
X1.2.2	1.597

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	VIF
X1.2.2	2.020
X1.2.3	1.551
X1.2.3	2.229
X1.3.1	1.017
X1.3.1	1.954
X1.3.2	1.017
X1.3.2	1.669
X1.4.1	1.299
X1.4.1	1.770
X1.4.2	1.462
X1.4.2	1.793
X1.4.3	1.349
X1.4.3	2.100
X1.5.1	1.513
X1.5.1	1.701
X1.5.2	1.513
X1.5.2	2.374
Y1.1	1.097
Y1.1	1.888
Y1.2	1.097
Y1.2	1.248
Y2.1	1.268
Y2.1	1.966
Y2.2	1.268
Y2.2	1.478
Y3.1	1.115
Y3.1	1.684
Y3.2	1.115
Y3.2	1.221
Y4.1	1.048
Y4.1	1.246
Y4.2	1.048
Y4.2	1.441
Z1	1.000
Z1	1.839
Z2	1.000
Z2	2.046
Z3	1.000
Z3	1.860
Z4	1.000
Z4	1.364
Z5	1.000
Z5	1.708

Source : Primary Data Processed, 2024

Based on the overall results of the model evaluation, all good results were obtained. So this research model can be continued to the next process.

5) Goodness of Fit (GoF) Test

Variance Analysis (R^2) or Determination Test, which is to determine the influence of independent variables on the dependent variable, the value of the determination coefficient can be shown in Table 5:

Table 5
R-Square Value

	R Square	Adjusted R Square
Job Satisfaction	0.457	0.452
Employee Performance	0.513	0.505

Source : Primary Data Processed, 2024

Table 5 shows R-Square values: 0.457 for job satisfaction, indicating 45.7% of business sustainability is explained by job satisfaction, with 54.3% influenced by other variables. For employee performance, R-Square is 0.513, meaning 51.3% of business sustainability is explained by job satisfaction, with 48.7% influenced by other variables.

Next, an assessment was carried out Goodness of Fit It is known from the square root of the communality value multiplied by the average value of R-Square (0.485). Recommended communality value = 0.50 (Mahmoud, Boghdady, El-Fikky, & Aly, 2021)so:

$$GoF = \sqrt{0.5 \; x \; 0.485} = 0.492$$

Based on the results of the calculation above, a GoF value of 0.492 was obtained greater than 0.36 (Hasanah, Ismarmiaty, & Bachtiar, 2017). This shows that this research model can be stated to have Goodness of Fit which is good.

6) Hypothesis Testing

After meeting outer test requirements, the Inner Model (structural model) is tested, examining r-square, parameter coefficients, and t-statistics. Hypotheses are accepted or rejected based on significance values, t-statistics, and p-values. SmartPLS 3.0 software is used, with bootstrapping results providing values. The rule of thumb is t-statistics > 1.96 and p-value < 0.05. The value of testing the hypothesis of this research can be shown in Figure 2 and Table 4.20.

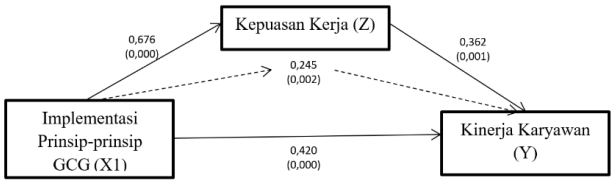

Figure 2. Results of Direct and Indirect Influence Hypothesis

The results of the path coefficient hypothesis from the proposed hypothesis are obtained as follows:

Table 6
Direct Influence Results

	Original Sample (O)	**Average Sample (M)**	**Standard Deviation (STDEV)**	**T Statistics (| O/STDEV|)**	**P Values**
Gcg Prinsip2 Implementation -> Job Satisfaction	0.676	0.676	0.047	14.304	0.000
Gcg Prinsip2 Implementation -> Employee Performance	0.420	0.423	0.100	4.212	0.000
Job Satisfaction -> Employee Performance	0.362	0.364	0.108	3.367	0.001

Source : Primary Data Processed, 2024

Meanwhile, the results of the specific indirect effect hypothesis from the proposed hypothesis are obtained as follows:

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Table 7
Results of Indirect Influence

	Original Sample (O)	Average Sample (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
GCG Prinsip2 Implementation -> Job Satisfaction -> Employee Performance	0.245	0.247	0.078	3.158	0.002

Source : Primary Data Processed, 2024

Hypothesis Formulation:

H_o : There is no effect of the Implementation of GCG Principles on Job Satisfaction
H_a :There is an Effect of the Implementation of GCG Principles on Job Satisfaction

H_o : There is no influence of the Implementation of GCG Principles on Employee Performance
H_a : There is an Influence of the Implementation of GCG Principles on Employee Performance

H_o : There is no effect of Job Satisfaction on Employee Performance
H_a : There is an Effect of Job Satisfaction on Employee Performance

H_o : There is no effect of the Implementation of GCG Principles on Employee Performance through Job Satisfaction
H_a : There is an Influence of the Implementation of GCG Principles on Employee Performance through Job Satisfaction

Basis for decision-making: (based on T Statistics value with a significance level of 0.05) (Haryono, 2017).

- Ho is accepted if T Statistics < 1.96 (No effect)
- Ho was rejected if T Statistics ≥ 1.96 (Influence)

Or the basis for decisions based on the value of significance.

- Ho is accepted if the P Values > 0.05 (No effect)
- Ha is rejected if the P Values ≤ 0.05 (Influence)

The results of the hypothesis test can be tabulated as follows:

Table 8
Results of the Direct Influence Hypothesis Test

Hypothesis		Coefficient	T Statistics	P-values	Conclusion
H1	Implementation of GCG Principles2 → Job Satisfaction	0,676	14,304	0,000	Influential
H2	Implementation of GCG Principles 2 → Employee Performance	0,420	4,212	0,000	Influential
H3	Employee Performance→ Job Satisfaction	0,362	3,367	0,001	Influential

Source : Primary Data Processed, 2024

There is an influence of the implementation of GCG principles on job satisfaction. It is evidenced by a Statistical T value of > 1.96 (14.304 > 1.96) or P Values < 0.05 (0.000 < 0.05), so that Ho is rejected and Ha is accepted.A positive coefficient value means that the effect is positive, that is, if the implementation of principles increases, job satisfaction also increases. The results of the hypothesis test are supported by several previous studies, such as Research by (Gustari & Widodo, 2020) Revealing that empowerment and the application of Good Corporate Governance (GCG) principles have a significant impact on Organizational Citizenship Behavior (OCB), both directly and indirectly through job satisfaction. This study emphasizes the role of job satisfaction as a mediator in the relationship between GCG and OCB, with an emphasis on the context of education in Indonesia.

(Basri, Keumala Ulfah, Shabri, & Majid, 2017) Outline that internal factors such as cooperation, coordination, and mutual support between employees, as well as the placement of GCG functions under the management of the Corporate Secretary, have a crucial role in the successful implementation of GCG. On the other hand, external factors such as company programs and

information technology developments also contribute to the effectiveness of GCG implementation, which ultimately affects job satisfaction.

(Karyatun et al., 2023) Finding that good corporate governance (GCG) and knowledge management have a significant positive impact on job satisfaction. Effective GCG implementation contributes to higher levels of job satisfaction, which in turn encourages organizational citizenship behavior. There is an influence of the implementation of GCG principles on employee performance. It is evidenced by the Statistical T value > 1.96 (4.212 > 1.96) or P Values < 0.000 (0.000 < 0.05), so that Ho is rejected and Ha is accepted. The value of a positive coefficient means that the influence is positive, that is, if the implementation of GCG principles increases, employee performance also increases. The results of testing this hypothesis are supported by various previous studies, where (Hasan, Ayuningtyas, & Misnaniarti, 2016) identified that the performance of civil servants at the Natuna Field Hospital can be categorized as quite good, with transparency and fairness as the dominant factors affecting performance. The implementation of good GCG principles can increase employee performance by up to 3,576 times.

(Gilang, Fakhri, Pradana, Saragih, & Khairunnisa, 2018) It shows that the implementation of GCG at PT Bukit Asam Tanjung Enim is included in the very good category, having a positive impact on employee performance. However, some aspects such as time regularity still need further attention. (Lestari, Sofianty, & Kuntorini, 2019) concluded that the implementation of Good Corporate Governance (GCG) has a positive and significant influence on company performance, with the quality of better GCG implementation directly related to better company performance.

There is an effect of job satisfaction on employee performance. It is evidenced by the Statistical T value > 1.96 (3.367 > 1.96) or P Values < 0.05 (0.001 < 0.05), so that Ho is rejected and Ha is accepted. A positive coefficient value means that the effect is positive, that is, if job satisfaction increases, employee performance also increases. The results of testing this hypothesis are supported by various previous studies, in the journal (Badrianto & Ekhsan, 2019) found that job satisfaction had a significant positive relationship with employee performance.

Work environment and job satisfaction factors together significantly affect employee performance, emphasizing the importance of improving these factors to improve performance. (Pancasila, Haryono, & Sulistyo, 2020) revealed that job satisfaction has a dominant influence on employee performance compared to other variables such as leadership and work motivation. High job satisfaction is closely related to better employee performance. (Wahyudi, 2018) shows that job satisfaction has a significant positive influence on performance, with a calculated t-value that shows a strong impact of job satisfaction on employee performance.

Table 9
Results of the Indirect Influence Hypothesis Test

	Hypothesis	Coefficient	T Statistics	P-values	Conclusion
H4	Implementation of GCG Principles2 → Employee Performance through Job Satisfaction	0,245	3,158	0,002	Influential

Source : Primary Data Processed, 2024

Conclusions of the indirect influence hypothesis:

There is an influence of the implementation of GCG principles on employee performance through job satisfaction. It is evidenced by the Statistical T value > 1.96 (3.158 > 1.96) or P Values < 0.05 (0.002 > 0.05), so that Ho is rejected and Ha is accepted.

The value of a positive coefficient means that the influence is positive, that is, if the implementation of GCG principles increases, employee performance through job satisfaction also increases. The results of testing this hypothesis are supported by various previous studies, Rachmawati (2024) stated that effective GCG implementation can improve integrity, accountability, and overall performance, especially in BUMDes. The right strategy in the implementation of GCG can help overcome obstacles and have a positive impact on the quality of human resources and overall performance. (Ridwan, Lubis, & Ibrahim, 2018) revealed that accountability, transparency, and public participation affect employee job satisfaction, which in turn has a positive effect on employee performance. The study also showed the indirect influence of engagement, transparency, and public participation on performance through job satisfaction.

Conclusions

This research reveals that implementing Good Corporate Governance (GCG) principles significantly boosts job satisfaction and employee performance in Bandung's Islamic banking sector.

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Transparency, accountability, and fairness are key GCG principles that yield excellent results, enhancing employee satisfaction and performance. Satisfied employees perform better, making job satisfaction a crucial mediator between GCG implementation and performance. To achieve optimal performance, Islamic banking management should prioritize GCG implementation, create a conducive work environment, and provide rewards based on employee contributions, while ensuring periodic evaluation and monitoring.

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