

# Impact of Green Marketing and Total Quality Management (Tqm) Dimensions on Improving the Financial Performance of Indonesian Sharia Banks: New Concept

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## Abstract

*Green marketing is an advertising technique that focuses on promoting and selling products or services that have minimal or positive environmental effect. Given the growing awareness of environmental and sustainability concerns, this concept has gained increasing importance and attention in the fields of marketing and business management. Quality management is a strategy for continuously enhancing (continuous performance improvement) performance at all levels of an organization's operations and processes, as well as in all functional areas, by leveraging its people and financial resources. How to implement green marketing and total quality management to the financial performance of Bank Syariah Indonesia is the focus of this study. This study aims to investigate the effects of ecological marketing and total quality management on financial performance. This method of research employs multiple linear regression with a sample of 237 individuals, including financial administrators and employees. Consumer awareness has a positive effect on financial performance, consumer loyalty has a positive effect on financial performance, increased resource efficiency has a positive effect on financial performance, an obsession with quality has a positive effect on financial performance, teamwork has a positive effect on financial performance, and engagement and empowerment have a positive effect on financial performance, according to the findings of this study.*

**Keywords:** *Green Marketing, Total Quality Management, Financial Performance.*

## Introduction

Awareness of the significance of environmental sustainability is growing in the modern era. Climate change, biodiversity loss, and other environmental concerns have compelled businesses in a variety of industries to adopt environmentally responsible business practices (Shafqat et al., 2021) (Mianti & Fachruzzaman, 2020). This is also true in the banking industry, including Islamic banks, which have become a popular alternative for those pursuing an Islamic-compliant financial system (Idris, n.d.). Green marketing refers to marketing practices that emphasize products and services with a minimal or positive impact on the environment. The primary objective of green marketing is to increase consumer environmental awareness and encourage them to make more environmentally responsible decisions (Belkassah, 2019).

The corporate environment is becoming more competitive, and total quality management is increasingly used as a competitive strategy. (D. B. M. Eneizan, 2016) Total Quality Management is a quality improvement strategy that aims to raise the overall standard of a company's processes and operations. Total quality management is a means to attain organizational objectives; it is not the organization's or company's ultimate objective. Increasing productivity is a company objective (Widhiastuti et al., 2019) (Nasution, 2023). The overall implementation of quality management will impact a company's productivity (B. M. Eneizan & Matar, 2019). Therefore, the fundamental principle of quality management as a whole is to respect every employee who contributes to the company's continuous improvement (Ka, 2016).

Senior managers and CEOs of corporate organizations are responsible for establishing a comprehensive quality management system and must be accountable for its implementation (Shafqat et al., 2021). The strategy to achieve total quality management objectives is fundamentally clear from the outset and is implemented with complete commitment by the CEO and all levels of top management, followed by all levels of middle management, and lastly operational management (Msc Student, Jomo Kenyatta University

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of Agriculture and Technology et al., 2014) (Zulfiqar & Shafaat, 2015). Total quality management also emphasizes the significance of input, but its development from technical competence emphasizes the significance of motivation and the capacity of individuals to work in teams to solve problems (Ali et al., 2020).

The only topic addressed in the study was total quality management (Talib et al., 2011), which also noted the following findings: lack of TMC; high management turnover; inappropriate TE; employee attitudes toward quality; obstacles involving human resources; lack of departmental coordination; absence of benchmarks; poor planning; employee resistance to change; insufficient teamwork and use of empowerment; lack of desire for continuous improvement in culture. This challenge can provide numerous valuable teachings for industries wishing to implement end-to-end quality management (Nguyen et al., 2016). If industries that are implementing or considering implementing comprehensive quality management are more sensitive to and cognizant of these obstacles, they can increase their chances of success (Gelderman et al., 2021). In addition, the prevalence of these barriers across all industries is consistent with the findings of this study. Consequently, they are referred to as Dewi & Zatira Novridayani-unique TQM obstacles (Dewi & Zatira Novridayani, 2020).

Green marketing in the context of Islamic banking entails the development and promotion of socially and environmentally responsible financial products and services (Morgan et al., 2020). Based on Islamic ethical principles, Islamic institutions have an additional obligation to ensure that their business practices are consistent with the values of sustainability and humanity (Memon et al., 2019). In addition, the implementation of TQM is becoming increasingly crucial for meeting client expectations and upholding the sharia's principles of integrity. TQM engages the entire organization, from senior management to operational levels, with the objective of fostering a quality-focused corporate culture (Olayeni et al., 2021).

Customer focus is one of the fundamental principles of Total Quality Management. In this case, Islamic banks must have a thorough understanding of their customers' requirements and expectations, both in terms of the services and products they provide (Setiawan et al., 2022). In accordance with sharia, banks must also ensure that their products and services adhere to Islamic principles, such as the prohibition on usury (interest) and transactions that violate Islamic ethics (Shah, 2022).

Furthermore, Islamic institutions must involve all employees in the TQM implementation process. This includes the provision of appropriate training, the enhancement of skills, and an ongoing commitment to enhancing the quality of work (Linawati & Halim, 2017). To attain greater organizational effectiveness, Islamic banks must also foster cultural collaboration, open communication, and ongoing improvement (Wassan et al., 2022). By implementing TQM, Islamic banks can increase customer satisfaction, reduce errors or defects in service, boost operational efficiency, and establish a solid reputation as a dependable and high-quality financial institution. This strategy is also consistent with Islamic principles, which emphasize the significance of integrity, quality, and justice in all facets of life (Kour et al., 2020).

The urgency of this research lies in the pressing need for Islamic banks in Indonesia to improve their financial performance in the face of increasingly fierce competition in the banking industry (Wassan et al., 2022). The application of green marketing and the Total Quality Management (TQM) dimension is not only a relevant strategy to meet the demands of a market that increasingly cares about the environment and quality, but also as an effort to comply with increasingly stringent regulations regarding sustainable business practices. In a global context that increasingly emphasizes sustainability, Islamic banks that can adopt green marketing and TQM strategies will have a significant competitive advantage (Setiawan et al., 2022). This is very important to ensure sustainable growth and long-term financial stability for Islamic banks (Linawati & Halim, 2017).

Stakeholder Theory is the underlying theory in this research. This theory states that the success of an organization is not only determined by shareholder satisfaction, but also by how the organization meets the needs and expectations of various stakeholders, including customers, employees, suppliers, local communities and the environment (Wassan et al., 2022). In this context, the implementation of green marketing and Total Quality Management (TQM) dimensions by Islamic banks in Indonesia can be seen as

an effort to meet the demands of various stakeholders for more sustainable and high quality business practices (Setiawan et al., 2022). Green marketing aims to attract consumers who care about the environment and improve the bank's positive image, while TQM focuses on increasing efficiency and service quality which can increase customer satisfaction. By integrating these two approaches, Islamic banks can improve their financial performance by building customer loyalty, enhancing reputation, and creating long-term value for all stakeholders. Stakeholder theory is particularly relevant because it provides a framework for understanding how green marketing and TQM practices can contribute to improved financial performance through better management of relationships with various stakeholders (Linawati & Halim, 2017).

The benefits of this research are very broad and significant. First, this research can provide practical insight for Islamic bank management about how to integrate green marketing and TQM strategies to improve their financial performance. Second, this research can help policy makers and regulators understand the importance of sustainable business practices and management quality for the stability and growth of the banking sector. Third, this research contributes to the academic literature by providing empirical evidence about the relationship between green marketing, TQM, and financial performance in the context of Islamic banking. Lastly, this research also provides social benefits by encouraging more responsible and sustainable business practices, which in turn can have a positive impact on the environment and society.

Talib et al. (2011) provide recommendations for future research based on their findings. One of these recommendations is to ensure that the organization is committed to quality and that each TQM step is identified and planned thoroughly prior to implementation. In addition, systems must be integrated for continuous communication, feedback, and information channels. In order to continue the research conducted by Talib et al. (2011), the subject of this study is Bank Syariah Indonesia, with green marketing as another key variable. The objective of this study is to examine green marketing and TQM to enhance the financial performance of Islamic banks in Indonesia.

## Literature Review

### *Green Marketing*

Green marketing refers to the practice of promoting and selling environmentally responsible or low-impact products and services (Kour et al., 2020). It involves integrating environmental and sustainability considerations into various marketing activities, such as product development, packaging, promotion, and distribution (Hamdan & Alheet, 2021). The primary objective of green marketing is to satisfy consumer requirements while minimizing negative environmental impact (Khaleeli et al., 2021). Green marketing acknowledges the growing consumer demand for eco-friendly products and the expanding awareness of environmental concerns (Shalash, n.d.). It attempts to inform consumers about the environmental benefits of specific products and encourages them to make more environmentally responsible purchasing decisions (Wassan et al., 2022). Some essential elements of green marketing include:

- **Product Innovation:** Green marketing involves developing and offering products that are environmentally friendly or have a reduced impact on the environment. This can include energy-efficient appliances, organic food products, or biodegradable packaging materials.
- **Communication and Messaging:** Effective green marketing requires clear and transparent communication with consumers about the environmental attributes of products or services. Companies use various channels, such as advertising, labeling, and social media, to convey their green initiatives and differentiate themselves in the market.
- **Consumer Education:** Green marketing involves educating consumers about the environmental issues associated with certain products and the benefits of choosing eco-friendly alternatives. This helps raise awareness and encourages consumers to make more sustainable choices.

- Sustainability in the Supply Chain: Green marketing also emphasizes the importance of sustainable practices throughout the entire supply chain. This includes sourcing raw materials responsibly, reducing waste, and implementing environmentally friendly manufacturing processes.
- Building Trust and Credibility: Green marketing requires companies to be transparent and authentic in their sustainability claims. Building trust and credibility among consumers is crucial, and companies may obtain certifications or third-party endorsements to validate their environmental claims.

### *Total Quality Management (TQM)*

The term "total quality management" derives from the Indonesian phrases "total", "quality", and "management", which all have the same meaning. Complete quality management can also be written as IQM or IQM, he explained. (Dipasupil et al., 2018) Quality is defined as the ability to satisfy consumer demand (meeting the requirements of customers). While the term "quality" can refer to a variety of abstract concepts, it is most frequently used to describe concrete characteristics such as efficiency, dependability, user-friendliness, etc. (García-Fernández et al., 2022).

Total Quality Management (TQM) emphasizes quality throughout an organization, from suppliers to consumers. Management's commitment to quality management is emphasized so that all customer-facing aspects of products and services can be optimized. According to (Wu & Lin, 2016), Total Quality Management (TQM) is a valuable instrument for gaining a competitive advantage because it enhances overall business efficiency (Khalil & Muneenam, 2021).

### *Financial Performance*

Financial performance refers to the evaluation and analysis of an entity's financial performance using pertinent financial indicators. Financial performance provides an overview of the company's financial health and viability (Khaleeli et al., 2021). Among the primary indicators used to assess financial performance are:

- Revenue and Net Income: Revenue is the total amount obtained from the sale of products or services, whereas net income is the amount of income remaining after deducting costs and expenses. Consistent revenue growth and levels of net profit are indicators of strong financial performance.
- Net Profit: The income remaining after deducting all expenses, including operating costs, taxes, and other expenditures. A high net profit level is indicative of solid financial performance.
- Capital flow reflects the capital inflows and outflows from operating, investing, and financing activities. Cash flow must be positive and stable for business continuity and meeting financial obligations.
- Financial ratios are indicators used to determine the relationship between various financial products. Examples include profitability ratios (such as the ratio of net income to revenue), liquidity ratios (such as the current ratio, which measures the ability to pay short-term debt), and debt ratios (such as the debt-to-equity ratio). Good financial performance is indicated by healthy financial ratios.
- Market Growth and Market Share Sales growth and market share can be significant indicators of a company's financial performance, particularly in a highly competitive industry. Strong growth and market share expansion indicate competitiveness.

In addition to these financial indicators, it is essential to consider the company's business and industry context and its long-term objectives (Mar Fuentes-Fuentes et al., 2004). Financial performance must be evaluated by comparing year-over-year financial data, benchmarking with competitors, and analyzing market trends and changes (Dalayeen, 2017) (Hidayatullah Elmas, 2019). Strong financial performance instills investors, creditors, and other stakeholders with confidence in a company's stability and ability to achieve financial objectives (Setiawan et al., 2022). It also provides vital insights into business decision-making, such as resource allocation, expansion, and future investment (Memon et al., 2019).

## Method

This study employs a survey methodology, and the respondents are financial managers and personnel of Bank Syariah Indonesia from multiple Indonesian branches. This study's population consists of financial managers and personnel of Bank Syariah Indonesia in a number of Indonesian branch offices. This analysis included 237 participants in total. In this study, a random sampling was conducted on purpose. Purposive sampling is a sampling method that considers the researcher's priorities. Regression analysis was utilized to analyze the data. The objective of regression analysis is to determine if the mathematically stated hypothesis regarding the relationship between two variables (regression) is correct. Implemented the SPSS regression analysis feature in version 26.

## Results and Discussion

### Result

#### *Validity Exam*

The Pearson product moment method was validated by calculating the correlation between each individual question's score and the variable's total score. To determine the reliability of an instrument, the researcher examines whether the score of each item correlates positively with the aggregate score of the items and whether this correlation is greater than the correlation between items. This study's level of significance (df) can be calculated using the following formula:  $r$  table indicates a value of 0.1275 at a significance level of 5%.  $df = n - k$ , or  $237 - 2 = 235$ . (one tale). The tabulated results of the validity analysis are as follows:

**T able 1 . Validity Exam**

Variable/Item	R Calculate	R Table ( <i>One Tale</i> )	Be accepted / No
<b>Consumer Awareness Variables</b>			
X1.1	0, 848	0,1275	Be accepted
X1.2	0, 932	0,1275	Be accepted
X1.3	0, 898	0,1275	Be accepted
<b>Consumer Loyalty Variables</b>			
X2.1	0, 812	0,1275	Be accepted
X2.2	0, 932	0,1275	Be accepted
X2.3	0, 877	0,1275	Be accepted
X2.4	0, 873	0,1275	Be accepted
<b>Variable Increased Resource Efficiency</b>			
X3.1	0, 814	0,1275	Be accepted
X3.2	0, 888	0,1275	Be accepted
X3.3	0, 911	0,1275	Be accepted
X3.4	0, 871	0,1275	Be accepted
<b>Variable Obsession on Quality</b>			
X4.1	0, 780	0,1275	Be accepted
X4.2	0, 870	0,1275	Be accepted
X4.3	0, 860	0,1275	Be accepted
X4.4	0, 820	0,1275	Be accepted

<b>X4.5</b>	0, 757	0,1275	Be accepted
<b>Teamwork Variables</b>			
<b>X5.1</b>	0, 825	0,1275	Be accepted
<b>X5.2</b>	0, 892	0,1275	Be accepted
<b>X5.3</b>	0, 856	0,1275	Be accepted
<b>X5.4</b>	0, 973	0,1275	Be accepted
<b>Engagement and Empowerment Variables</b>			
<b>X6.1</b>	0, 880	0,1275	Be accepted
<b>X6.2</b>	0, 854	0,1275	Be accepted
<b>X6.3</b>	0, 858	0,1275	Be accepted

Source: Processed data, 2023

### Reliability Exam

The consistency analysis was conducted to determine the stability of hypotheses and investigational variables. We say that the variable they represent is consistent if there are significant instances of the same answer to the same query over time. Cronbach's alpha ( $\alpha$ ) is a statistical measure used to ascertain the consistency between measurements of a concept or research variable. If a variable's Cronbach alpha is greater than 0.60, we can confidently term it reliable. The following table displays the SPSS reliability analysis results.

**T able 2. Reliability Exam**

Variable	<i>Alpha Cronbach's Based on Standardized Item</i>	Information
X1.1	0,970	Dependable
X1.2	0,969	Dependable
X1.3	0,969	Dependable
X2.1	0,969	Dependable
X2.2	0,970	Dependable
X2.3	0,970	Dependable
X2.4	0,969	Dependable
X3.1	0,969	Dependable
X3.2	0,969	Dependable
X3.3	0,969	Dependable
X3.4	0,969	Dependable
X4.1	0,971	Dependable
X4.2	0,970	Dependable
X4.3	0,969	Dependable
X4.4	0,969	Dependable
X4.5	0,969	Dependable
X5.1	0,970	Dependable
X5.2	0,969	Dependable
X5.3	0,969	Dependable
X5.4	0,969	Dependable
X6.1	0,970	Dependable
X6.2	0,969	Dependable
X6.3	0,970	Dependable

Source: Processed data, 2023

According to research, investigations can now be relied upon because their Alpha Cronbach's is greater than 0.600.

#### *Normality Exam*

The K-S test, also known as the Kolmogorov-Smirnov test, was utilized in Ghozali's (2006) analysis. If the K-S test statistic is greater than 0.05 ( $> 0.05$ ), then the data residual distribution in the analysis is normalized.

**Table 3. Normality Exam**

<b>Infomation</b>	<b><i>Unstandardized Residual</i></b>
<b>N</b>	385
<b><i>Kolmogorov-Smirnov Z</i></b>	1.210
<b><i>Asymp. Sig. (2-tailed)</i></b>	0.107

Source: Processed data, 2023

#### *Multicollinearity Exam*

Data is multicollinearity-free if it does not generate a predictor variable with a value greater than 0.5. Multiple linear regression is devoid of multicollinearity if VIF values are less than 10 and tolerance values are close to 1. The following table contains the results of the cointegration test:

**Table 4. Multicollinearity Exam**

<b>Variable</b>	<b><i>Collinearity Statistics</i></b>	
	<i>Tolerance</i>	VIF
<b>Consumer Awareness</b>	0.260	3.844
<b>Consumer Loyalty</b>	0.298	3.354
<b>Increased Resource Efficiency</b>	0.183	5.469
<b>Obsession on Quality</b>	0.216	4.628
<b>Teamwork</b>	0.220	4.546
<b>Engagement and Empowerment</b>	0.324	3.547

Source: Processed data, 2023

According to the data in the table above, the significance level of each variable exceeds 0.05. Because the criteria for passing the multicollinearity test are a tolerance value of less than 1 and a VIF value of more than 1 less than 10.

#### *Heteroscedasticity Exam*

The heteroscedasticity test's objective is to determine if the residual variance inequality between observations in a regression model is the same (Hasan & Ali, 2015). The following table displays the results of identifying heteroscedasticity events using the Glacier methodology.

**Table 5. Heteroscedasticity Exam**

<b>Variable</b>	<b><i>Collinearity Statistics</i></b>	
	T	Sig.
<b>Consumer Awareness</b>	0.546	0.317
<b>Consumer Loyalty</b>	0.324	0.552

<b>Increased Resource Efficiency</b>	0.335	0.241
<b>Obsession on Quality</b>	0.371	0.329
<b>Teamwork</b>	0.429	0.231
<b>Engagement and Empowerment</b>	0.441	0.269

Source: Processed data, 2023

According to the data in the table above, the significance level of each variable exceeds 0.05. Because the kedastisitas test requires that the value of each variable be greater than 0.05 to pass.

### *Multiple Regression Exam*

This table displays the SPSS-calculated regression coefficients for the variables consumer awareness, consumer loyalty, increased resource efficiency, obsession with quality, teamwork, engagement, and empowerment.

**Table 6. Multiple Regression Exam**

Variable	<i>Collinearity Statistics</i>	
	T	Sig.
<b>Consumer Awareness</b>	2.102	0.031
<b>Consumer Loyalty</b>	2.562	0.000
<b>Increased Resource Efficiency</b>	2.692	0.002
<b>Obsession on Quality</b>	2.002	0.048
<b>Teamwork</b>	2.045	0.033
<b>Engagement and Empowerment</b>	2.009	0.044

Source: Processed data, 2023

## **Discussion**

### *The Effect of Consumer Awareness on Financial Performance*

When consumers become increasingly conscious of the significance of environmental protection and participation in sustainable development, they tend to select financial institutions that share the same commitment to environmental values. The environmental consciousness of consumers motivates them to seek out financial solutions that adhere to sustainability principles. With an approach founded on Islamic principles that promote justice and social harmony, Islamic banks have incorporated sustainability and the environment into their business model (Al-basheer, 2015).

By providing environmentally conscious financial products and services, such as green project financing and sustainable investment, Islamic banks can attract and retain consumers with a high level of environmental consciousness. Consumers who care about the environment will prefer banks that support activities that have a positive impact on the environment, thereby expanding the bank's consumer base and potential for growth. Additionally, consumer awareness of environmental issues can affect the perception and image of Islamic institutions in the eyes of the general public. Banks perceived as active and committed to environmental sustainability will acquire a positive reputation and be perceived as socially responsible institutions.

Therefore, increased consumer awareness of environmental issues contributes to Islamic Banks' business expansion and financial performance. By identifying the requirements and preferences of environmentally



conscious consumers, banks are able to develop relevant products and services, increase their market share, and generate substantial added value. Therefore, consumer awareness that has a positive impact on the environment is a crucial factor for Islamic institutions to achieve sustainable financial performance. In a business environment that is becoming increasingly conscious of environmental issues, banks that can meet the expectations and requirements of consumers in terms of sustainability will enjoy significant competitive advantages and greater growth opportunities.

#### *The Effect of Consumer Loyalty on Financial Performance*

When consumers are pleased with the services and products offered by Islamic banks, they tend to become loyal customers and maintain long-term relationships with these institutions. Consumer loyalty is crucial to a bank's financial performance because it has multiple significant effects, such as Customer Retention: Customers who are devoted to Islamic banks are unlikely to move to other institutions. This decreases the customer attrition rate, which in turn decreases the cost of acquiring new customers and strengthens the bank's customer base. Increased Revenue: Loyal consumers tend to increase their engagement with Islamic banks by utilizing more products and services. This may include savings accounts, loans, investments, and other financial products. Thus, banks can increase revenue through cross-selling or the sale of cross-products to existing consumers. Positive Word-of-Mouth: Satisfied customers of Islamic banks are more likely to recommend them to family, colleagues, and coworkers. This positive word of mouth can assist banks in expanding their consumer base, enhancing their reputation, and increasing their market share. Minimization of Marketing Expenses: With strong consumer loyalty, Islamic Banks can devote fewer resources to recruiting new customers through marketing. These cost savings can be used to enhance services or develop new products, thereby enhancing the bank's overall financial performance.

To achieve a high level of consumer loyalty, Islamic banks must establish and maintain strong relationships with their clients. This entails providing quality service, being responsive to customer requirements, and ensuring compliance with the sharia principles upon which the bank is founded. In an environment of intensive competition, banks that successfully cultivate customer loyalty can experience sustainable growth, financial stability, and long-term success. In this instance, consumer loyalty has a significant and positive effect on Islamic institutions' financial performance.

#### *The Effect of Increased Resource Efficiency on Financial Performance*

Increasing resource efficacy has a positive and significant effect on Islamic banks' financial performance. When an Islamic Bank is able to optimize the use of its resources, such as energy, water, basic materials, and time, the results can be felt in a number of ways that contribute to improved financial performance. Some of the ways in which increased resource efficiency can positively impact the financial performance of Islamic banks are listed below (Elvina et al., 2022).

Reduction of Operational Costs: Islamic banks can reduce operational costs associated with the consumption of energy, water, and raw materials by implementing more efficient use of resources practices. This can result in significant savings and increase bank profitability over time. Reduction of Environmental Impact Resource efficiency helps Islamic banks reduce their environmental footprint. Banks can achieve sustainability objectives and demonstrate their commitment to social and environmental responsibility by reducing their consumption of energy, water, and raw materials, and by improving waste management. This can enhance the bank's image and reputation among consumers and the larger community. Product and Service Innovation: Increasing resource efficiency can motivate Islamic banks to create new products and services that are more economically and environmentally efficient. This includes financial products that facilitate sustainable investment or financing for green projects. Banks can attract new customers and grow their existing customer base by providing products that are responsive to market demands and sustainability trends. Customer Satisfaction: Resource effectiveness can also affect customer satisfaction. By optimizing operational processes, banks can improve customer service, reduce errors, and increase service speed. This can increase customer satisfaction, strengthen customer loyalty, and potentially increase existing customer revenue. Long-Term Sustainability: Enhanced resource efficiency is indicative of a sustainable approach in

the Islamic banking industry. Through prudent resource management, banks can improve their long-term viability and prepare for potential economic and environmental challenges.

By increasing resource efficiency, Islamic banks can optimize the use of their own assets, reduce operational costs, enhance their image of sustainability, and boost customer satisfaction. This will ultimately improve the overall financial performance of the bank.

#### *The Effect of Obsession on Quality on Financial Performance*

When Islamic banks prioritize quality in all operational aspects and the services they offer, it can have a significant and positive effect on their financial performance. The following are some of the ways in which Islamic bank financial performance can benefit from a preoccupation with quality:

**Customer Confidence:** A strong emphasis on quality fosters customer confidence. Islamic institutions with a reputation for providing high-quality services, dependable products, and efficient transaction processing will attract new clients and retain existing ones. The bank's revenue growth can be positively impacted by the bank's ability to establish long-lasting relationships with its customers. **Customer Satisfaction:** The Islamic Banks' preoccupation with quality enables them to meet or exceed customer expectations. Banks can increase consumer satisfaction by providing a superior experience and suitable solutions. Customers who are satisfied tend to remain loyal, increase their involvement with the bank, and recommend it to others. This contributed to revenue growth and the bank's positive reputation. **Reduction of Errors and Rework Expenses:** An emphasis on quality aids in the reduction of errors in banking operations and transactions. By implementing stringent processes and quality control systems, Islamic banks can prevent potentially expensive failures or errors, such as miscalculations or compliance violations. This can reduce rework costs, penalties, and optimize resource utilization, which has a positive effect on the financial performance of the bank. **Strong Reputation:** Islamic Banks' focus on quality contributes to their solid reputation. A bank with a solid reputation for quality will garner the attention of prospective clients and may become the market leader in the banking industry. A positive reputation generates a competitive advantage, facilitates the acquisition of a larger market share, and fosters sustainable business expansion. **Operational Efficiency** Islamic Banks' operational efficiency is impacted by their preoccupation with quality. By instituting efficient processes, high quality standards, and effective risk and compliance management, banks can increase their overall operational effectiveness. This has the potential to reduce operational costs, boost productivity, and increase the profitability of the bank.

In the context of Islamic banking, a preoccupation with quality reflects a dedication to Islamic principles that promote equity, honesty, and service excellence. This obsession provides a solid foundation for attaining financial success, fostering positive customer relationships, and ensuring the bank's long-term viability.

#### *The Effect of Teamwork on Financial Performance*

Teamwork has a positive and significant influence on financial performance in Islamic Banks. When teams within Islamic Banks work effectively, collaborate and support each other, this creates a strong impact in achieving better financial goals. Following are some of the ways in which teamwork can have a positive effect on financial performance in Islamic Banks:

**Improved Efficiency:** Teamwork allows employees in various departments and divisions to share knowledge, experience, and resources. This can result in increased operational efficiency and work processes in the bank. When teams work synergistically, avoiding silos and supporting each other, it can reduce redundancies, avoid duplication of work, and increase productivity. **Increasing operational efficiency** will have a positive impact on the bank's financial performance. **Faster Innovation and Change:** In well-collaborating teams, innovative ideas thrive better. Through discussion, brainstorming and brainstorming, teams can come up with new solutions, introduce creative initiatives and promote needed changes in the business. Timely and relevant innovations and changes can help Islamic Banks to adapt quickly to market changes, customer needs, and regulatory demands, which in turn have an impact on better financial

performance. **Service Quality Improvement:** Teamwork enables employees in various functions, such as customer service, operations, and compliance, to collaborate with each other and ensure better service to customers. When teams work together to provide a superior customer experience, respond quickly to requests, and provide adequate solutions, it can improve customer satisfaction, strengthen loyalty, and impact a bank's revenue growth. **Better Risk Handling:** In a solid team, team members can support each other in managing the risks faced by Islamic Banks. Effective collaboration and communication between teams helps in identifying potential risks, developing risk reduction strategies, and dealing appropriately when risks occur. Better risk management contributes to financial stability and reduces the possibility of significant losses for banks. **Increased Employee Motivation and Engagement:** Good teamwork creates a positive work environment, where employees feel valued, engaged and have a meaningful role to play in achieving the bank's goals. This increases employee motivation, engagement, and job satisfaction, which in turn impacts individual and team productivity and performance as a whole.

In Islamic banking, strong teamwork reflects the principles of fairness, mutual respect and cooperation which are emphasized in Islamic principles. Through effective teamwork, Islamic Banks can achieve better financial performance, build a collaborative work culture, and create added value for customers and stakeholders.

#### *The Effect of Engagement and Empowerment on Financial Performance*

Engagement and empowerment have a positive and significant effect on Islamic bank financial performance. When employees are actively engaged and empowered at work, it has a significant impact on the achievement of financial objectives. Engagement and empowerment can have positive effects on the financial performance of Islamic institutions in the following ways:

Employees who are engaged in their work and believe they play a meaningful role are typically more productive. They are intrinsically motivated to perform their best, innovate, and achieve optimal results. This increase in productivity will positively affect the bank's operational efficiency and financial performance. **Better Service Quality:** Employees who are motivated and entrusted have the authority and responsibility to provide superior customer service. They are capable of initiative, problem solving, and providing appropriate solutions based on their knowledge and expertise. This enhancement in service quality will increase customer satisfaction, strengthen customer loyalty, and have an impact on the revenue growth of the bank. **Continuous Innovation and Improvement:** In Islamic Banks, employee engagement and empowerment foster a culture that supports continuous innovation and improvement. Employees who feel heard and valued have the fortitude to share new ideas, investigate innovative solutions, and seek to enhance work processes. Innovation and continuous refinement contribute to productivity, competitive advantage, and long-term economic expansion. With empowerment, employees are able to make pertinent decisions and swiftly resolve problems. They are not required to seek approval from higher-level management, which can delay response and decision-making. Engaged and empowered employees are able to respond rapidly to changing situations or customer requirements, resulting in increased customer satisfaction and financial performance. **Employee Retention and Development:** Employee engagement and empowerment contribute to the development of a strong bond between the Islamic Bank and its employees. Employees who feel supported, appreciated, and have opportunities for advancement are more likely to remain loyal and make long-term contributions. This reduces employee turnover rates, recruitment and training costs, and preserves the organization's valuable knowledge and skills.

Engagement and empowerment in Islamic banking reflect the principles of justice, social responsibility, and justice that are emphasized by Islamic principles. Through employee engagement and empowerment, Islamic banks can improve their financial performance, cultivate an inclusive work environment, and add value to their consumers and stakeholders.

## **Conclusion**

The analysis of the aforementioned research findings was conducted by the researchers and the research team. The following conclusions can be drawn from the evidence:

As consumer awareness of the importance of environmental protection and participation in sustainable development grows, they tend to choose financial institutions that share the same commitment to environmental values. Consumers are motivated to seek out financial solutions that adhere to sustainability principles by their environmental consciousness. Islamic banks have incorporated sustainability and the environment into their business model, which is predicated on Islamic principles that promote justice and social harmony. When consumers are satisfied with the services and products provided by Islamic banks, they are more likely to become loyal customers and maintain long-term relationships with these institutions. The importance of consumer loyalty to a bank's financial performance stems from its multiple significant effects. Increasing resource efficiency has a positive and significant impact on the financial performance of Islamic institutions. When an Islamic Bank is able to maximize the use of its resources, such as energy, water, fundamental materials, and time, the effects can be felt in a variety of ways that contribute to enhanced financial performance. Listed below are some of the ways that increased resource efficiency can positively affect the financial performance of Islamic banks. When Islamic banks prioritize quality in every aspect of their operations and the services they provide, it can have a significant and positive impact on their financial performance. Islamic Banks' financial performance is positively and significantly affected by teamwork. When teams within Islamic banks collaborate and support one another, this has a significant impact on attaining better financial objectives. Engagement and empowerment have a positive and substantial effect on the financial performance of Islamic banks. It has a significant impact on the accomplishment of financial objectives when employees are actively engaged and empowered at work.

On the dimensions of green marketing and total quality management, this research is limited in that only a subset of the dimensions have been examined. Therefore, it is suggested that future research investigate all aspects of ecological marketing and total quality management.

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