

# **The Influence of Islamic Values and Transformational Leadership on MSMEs Employees' Green Behavior Mediated by Job Autonomy**

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## **ABSTRACT**

This study investigates the interplay between Islamic values, transformational leadership, job autonomy, and green employee behavior in the context of Micro, Small, and Medium Enterprises (MSMEs) in Solo Raya, Indonesia. Utilizing Partial Least Squares (PLS) Structural Equation Modeling with a target sample of 100 respondents, the research explores the impact of Islamic values on job autonomy, the influence of transformational leadership on job autonomy, and the subsequent effects on green employee behavior. The results reveal a positive and significant impact of Islamic values on both job autonomy and green employee behavior. Additionally, transformational leadership demonstrates a positive effect on job autonomy. However, the direct impact of transformational leadership on green employee behavior is found to be non-significant. Job autonomy emerges as a significant predictor of green employee behavior, aligning with the hypotheses proposed in the study. The findings contribute to the understanding of ethical and environmentally responsible behavior in MSMEs, offering insights for both academia and practitioners.

Keywords: Islamic values, transformational leadership, job autonomy, green employee behaviour.

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## **1. INTRODUCTION**

It is undeniable that employee loyalty in Micro, Small, and Medium Enterprises (MSMEs) is influenced by several factors unique to the smaller work environment. In MSMEs, employees often feel a close connection with management and business owners, creating a strong sense of community. Employee involvement in decision-making and caring leadership also play a crucial role in building loyalty. Work flexibility, alignment with business values and missions, development opportunities, positive interpersonal relationships, and competitive compensation are other elements influencing employee loyalty in MSMEs. By understanding and addressing these factors, MSMEs can build strong relationships with their employees and maintain high levels of loyalty.

The essence of Islamic values is to guide individuals on the path that Allah desires. The presence of Islamic values encourages Muslim believers to strive to be the best, driven by the belief that Allah is always watching. This commitment is expressed through the influence of religion on the formation of attitudes, choices, and actions taken by individuals (Rafiki & Wahab, 2014). In Islam, ethics is defined as principles and values that are inherently good (Rice & Al-Mossawi, 2002).

Companies implementing a decentralized organizational structure provide more autonomy to employees. Lower-level employees and managers have greater flexibility in managing their tasks independently. At the same time, top-level management focuses more on strategic aspects such as goal setting and strategy planning. On the other hand, in authoritarian leadership, such opportunities are hard to come by. Leaders take a central role in decision-making, job management, and direct supervision of employees. Decentralization in human resource management has also been proven to enhance organizational performance, aligning with research findings indicating that authority delegation in workflow processes can improve organizational performance (Shimanuki, 2015). Religion should serve as the moral foundation and driver of ethics in individual actions (Uygur, 2009). Religion influences the values reflected in one's behavior and approach to work. Each individual holds a set of values, although they may not always be explicitly expressed (Leat, 2002).

Society requires ethical behavior for life to run smoothly. Some values crucial in the workplace context include honesty, integrity, honoring commitments, loyalty, justice, empathy, responsibility, and a commitment to delivering the best. Ethics largely differs from morality. Morality is a value system that governs how humans should lead a good life. It is often linked to religious beliefs and cultural values, determining what is considered good and bad. Morality provides concrete guidelines on behavior to be followed and actions to be avoided (Jimenez & Dunkl, 2017; Mark, 2022).

Ethics and morality are closely related, as ethics fundamentally encourages individuals to act under morality. However, ethics does not always mandate an action because it is required for the individual's well-being. Ethics encompasses various aspects in the workplace context, such as creativity, honesty, trust, personal achievement, commitment, motivation, job satisfaction, employee green behavior, emotional development, spiritual competence, work-life integration, community building, workforce and community empowerment, risk prevention, stress management, and career development (Khatibi & Khormaei, 2016; Stokhof, 2018; Weiss, 1942). One of the issues addressed in this research is the lack of studies that explain the impact of Islamic values and transformational leadership on employee green behavior, with job autonomy as a mediating. This research was conducted on MSMEs in Greater Solo, Indonesia. The reasons are: (1) based on the updated data provided by the Department of Cooperatives, MSMEs, and Industry of Surakarta City, it is noted that in 2022, there were 11,157 MSME units operating in the area. This figure experienced a significant surge from the previous year, where in 2021 there were only 3,635 MSME units (Dinas Koperasi & UKM Kota Surakarta, 2022); (2) the rapid growth in the MSME sector also impacts the waste generated by these MSMEs. The Environmental Agency or Dinas Lingkungan Hidup (DLH) stated that waste management issues in Solo are quite complex (News, 2021), (3) MSMEs also contribute to employment generation in Solo Raya. According to the government, MSMEs in Solo absorb 2.33% of the total workforce in Solo, and (4) out of

the total 381 MSMEs registered in Solo Raya, they are able to contribute 1% to the total Gross Regional Domestic Product (GRDP) in the area (Pemerintah Kota Surakarta, 2021).

Additionally, there is a significant number of MSMEs that have yet to optimize the practice of job autonomy among their employees.

This research has several aims:

- To test and analyze the influence of Islamic Values on Job Autonomy.
- To test and analyze the influence of Transformational Leadership on Job Autonomy.
- To test and analyze the influence of Job Autonomy on Green Employee Behaviour.
- To test and analyze the influence of Islamic Values on Green Employee Behaviour.
- To test and analyze the influence of Transformational Leadership on Green Employee Behaviour.

## 2. LITERATURE REVIEW

### 2.1 Self-determination theory

Based on the statements of (Guay, 2022; Ryan & Deci, 2000), the self-determination theory emphasizes the fulfillment of basic human needs for autonomy, competence, and relatedness as key drivers of motivated behavior. In contrast to many motivation theories that emphasize the quantity of motivation (e.g., goal-setting theory), Self-determination theory (SDT) underscores the idea that qualitative differences in motivation are also crucial. Specifically, the primary contribution of SDT is that it depicts a continuum where goals can be pursued for different reasons, ranging from intrinsic motivation at one end to extrinsic motivation at the other. The theory suggests that these different motivations can all drive individuals to act, but they may have different implications for performance and well-being.

### 2.2 The Influence of Islamic Values on Job Autonomy

Several studies have found that increasing job autonomy can strengthen the relationship between Islamic values and job satisfaction (Begum & Kanwal, 2019). The work environment tends to exhibit more positive attitudes and behaviors among employees who adhere to Islamic principles. Essentially, employees who strongly hold Islamic values are more likely to display proactive and non-specific behaviors that contribute to the overall well-being of the organization. These findings align with previous research consistently showing a positive relationship between Islamic work ethics and employees' willingness to engage in discretionary behaviors to enhance their organizations (Ramalu & Rashid, 2017). The research identifies the influence of personality (openness) and leadership motivation (affective identity) on criteria (leadership behavior) occurring in a high job autonomous situation (Mutalib & Ghani, 2013). Moreover, previous research shows the impact of Islamic values on managerial autonomy (Mariyana et al., 2024).

*H1 Islamic Values have a positive influence on Job Autonomy*

### 2.3 Transformational Leadership on Job Autonomy

Research conducted on transformational leadership and job autonomy has indicated a positive correlation between both variables and employee proactive behavior (Den Hartog & Belschak, 2012). Furthermore, job autonomy can moderate transformational leadership on promotive and prohibitive voice based on the findings of a previous study (Svendsen et al., 2018). Overall, the research conducted (Den Hartog & Belschak, 2012) shows a positive correlation between transformational leadership and job autonomy with

employee proactive behavior, while the other study conducted highlights the crucial role of job autonomy in moderating the impact of transformational leadership on promotive and prohibitive voice (Svendsen et al., 2018). These results emphasize the importance of understanding the role of transformational leadership and job autonomy in promoting proactive employee behavior (Phuong Pham, et al., 2023). Additionally, the research underscores the significance of leader-task communication and job autonomy in enhancing the vitality of public employees (Tummers & Knies, 2016).

*H2 Transformational Leadership have a positive influence on Job Autonomy*

#### **2.4 The Influence of Job Autonomy on Employee Green Behavior**

Promoting Employee Green Behavior (EGB) has become increasingly crucial for companies striving to achieve environmentally friendly development goals across various industries. Strangely, the focus on developing EGB through interactive efforts, particularly in the dynamic relationship context between individuals and organizations, has not received adequate attention until now (Mi et al., 2020). Job Autonomy has a positive relationship with contextual performance, theoretically linked to positively valenced EGB (Katz et al., 2022). Previous research has introduced the concept of a humble leadership model investigating the impact of humble leadership on environmental-friendly behavior and environmental-friendly performance through job autonomy and an environmentally supportive climate (Alsetoohy et al., 2022). When organizations are also perceived to support environmentally friendly outcomes (Kuo et al., 2022; Shibuya et al., 2023), the leader's influence on employees will increase (Aboramadan, 2022).

*H3 Job Autonomy has a positive influence on Employee Green Behavior*

#### **2.5 Islamic Values and Transformational Leadership on Employee Green Behaviour**

Islamic teachings offer comprehensive guidelines within a holistic system that acknowledges the interconnectedness of various aspects of life and their relevance to modern society (Bashirun et al., 2020). In this context, green and sustainable development are seamlessly integrated. Islam, being considered the most complete religion, provides extensive guidance across all domains of human life (Daud et al., 2020). This study reaffirms prior research highlighting the significant influence of religion, particularly Islamic values, on promoting green behavior. Future researchers are encouraged to explore additional antecedent factors that motivate Ecologically Responsible Behavior (EGB) within the framework of Islamic values, building upon the foundations laid by previous studies (Razali, 2022).

In a prior study, it was found that there exists a noteworthy positive correlation between green transformational leadership and employees' Organizational Citizenship Behavior for the Environment (OCBE). This correlation implies that leaders adopting a transformational style can effectively enhance the environmental behavior of their employees (Liu & Yu, 2023; Phuong Pham, et al., 2023). Expanding the scope of research on green transformational leadership, another study illuminates the positive direct and indirect impacts of this leadership style on employees' proactivity in environmental initiatives (Du & Yan, 2022). Subsequent research introduces a novel perspective, considering both green transformational leadership and green human resource management practices as two distinct situational factors for predicting employees' environmentally conscious behavior. This study pioneers the integration of these factors for the first time, proposing the concept of synergy between green transformational

leadership and green human resource management as a critical determinant in predicting and influencing employees' green behavior (Chen & Wu, 2022). Moreover, It is justifiable to assert that the significance of leadership for the success of an organization is undeniable. The effectiveness of an organizational leader plays a pivotal role in shaping the behavior of subordinates, determined by the leadership style or approach employed in managing people (Tresna, 2016).

*H4 Islamic Values have a positive influence on Employee Green Behavior*

*H5 Transformational Leadership has a positive influence on Employee Green Behavior*

### **3. RESEARCH METHODOLOGY**

This study utilizes a quantitative approach to measure and understand the relationships between each variable. An assembly of people, events, or interests that will be studied constitutes a population (Sekaran & Bougie, 2017). The population for this research is the employees of MSMEs located in Solo Raya, Indonesia. This study utilizes a sampling method known as convenience sampling from 100 chosen respondents. The book explains that convenience sampling is the process of gathering information from members of the population who voluntarily provide that information (Sekaran & Bougie, 2017). Therefore, individuals who are willing to provide the required information to the researcher, either through direct or indirect means, can be used as samples in this study if they are deemed suitable as data sources. The samples chosen are determined by several criteria such as: (1) the MSME has an organizational structure; (2) respondents have Islam as their religion; and (3) respondents are an MSME employee in Solo Raya, Indonesia.

Data collection in this research is conducted through the use of a questionnaire, which is a commonly used method in research. A questionnaire is an effective tool for gathering data from a large number of respondents (Creswell & Creswell, 2014). Questionnaires can be distributed online via Google Forms or offline through interviews, and respondents can flexibly fill them out according to their time. The questionnaires are used to collect data about individual characteristics and perceptions of Islamic Values, Transformational Leadership, Job Autonomy, and Employee Green Behaviour.

Measurement in this research uses the Likert Scale (1 represents strongly disagree to 5 represents strongly agree). The Likert Scale is a measurement tool used in surveys and social research to gauge the level of agreement or disagreement with a statement or topic. Respondents are asked to rate their level of agreement using a sequential scale (Roller & Lavrakas, 2015). The Likert Scale consists of a series of statements or questions followed by a range of scale choices. Respondents are asked to indicate their level of agreement or disagreement with each statement by choosing one of the available scales.

A variable is an aspect of a phenomenon that shows variation or differences in its measurement and can be measured using specific instruments or tools (Sekaran & Bougie, 2017). This study uses three types of variables which are exogenous, endogenous variables, and mediating variables. In this research, the exogenous variables used are Islamic values, transformational leadership, and job autonomy. Next, the endogenous variable utilized is employee green behavior. Lastly, The mediating variable in this study is job autonomy.

Testing the hypothesis using Partial Least Squares (PLS) is conducted through the outer model approach. This outer model aims to assess the validity and reliability of the model. In the outer model with reflective indicators, evaluation is performed by measuring the convergent and discriminant validity of indicators forming latent

constructs, as well as calculating composite reliability and Cronbach's alpha for those indicator blocks. Meanwhile, in the outer model with formative indicators, evaluation is conducted by examining its substantive content, especially by comparing the relative weights and significance of those construct indicators (Chin, 1998).

Additionally, structural model analysis in PLS involves assessing the values of path coefficients or t-values on each path to test the significance of relationships among variables in the structural model. The path coefficient values or inner model in PLS measure the level of significance in hypothesis testing. In this context, path coefficient scores are measured through t-statistics, and for the two-tailed hypothesis, the t-statistics value must exceed 1.96 at a significance level of 5 percent and a power of 80 percent. For hypotheses tested with one-tailed (one-tailed) hypotheses, the t-statistics value must exceed 1.64 at the same level (alpha 5 percent and power 80 percent) (Hair et al., 2021).

## 4. RESULT AND DISCUSSION

### 4.1 Respondents Profiles

The participants in this study comprise individuals who adhere to Islam and are employed in MSMEs. To provide more detailed insights, the respondents are segmented into several groups. In terms of age categories, the distribution of respondents is confined to the age ranges of 18-25 and 26-45 years old. The majority fall within the 18-25 age group, constituting 60% of the respondents. Regarding educational levels, 3% of the respondents have completed Junior High School, 7% have obtained a Diploma, 10% hold a bachelor's degree, and the majority, comprising 80% of the respondents, have graduated from higher education. The breakdown of respondent categories is outlined in Table 1 below.

Table 1. Respondents Profiles

| Respondents      | Total | Percentages (%) |
|------------------|-------|-----------------|
| <b>Age</b>       |       |                 |
| <18 years old    | 0     | 0               |
| 18-25 years old  | 60    | 60              |
| 26-45 years old  | 40    | 40              |
| 46-65 years old  | 0     | 0               |
| >65 years old    | 0     | 0               |
| <b>Education</b> |       |                 |
| SD               | 0     | 0               |
| SMP              | 3     | 3               |
| SMA              | 80    | 80              |
| Diploma          | 7     | 7               |
| S1               | 10    | 10              |
| S2               | 0     | 0               |
| S3               | 0     | 0               |

Source: Processed data 2023

### 4.2 Descriptive Variable

Descriptive analysis serves as a crucial method in understanding, illustrating, and summarizing data points to uncover underlying patterns that fulfill the data's conditions. In this research, the descriptive statistics for the variables provide valuable insights. Islamic values exhibit an average score of 4.755 with a standard deviation of 0.481.

Transformational leadership is characterized by an average score of 4.765 and a standard deviation of 0.424. Job autonomy, on the other hand, has an average score of 4.755 with a standard deviation of 0.523. Lastly, green employee behavior demonstrates an average score of 4.572 and a standard deviation of 0.672. These details, presented in Table 2, offer a comprehensive overview of the distribution and variability of the key variables in the study.

Table 2. Descriptive Variable

| Variable                    | N   | Mean  | Standard Deviation |
|-----------------------------|-----|-------|--------------------|
| Islamic Values              | 100 | 4.755 | 0.481              |
| Transformational Leadership | 100 | 4.765 | 0.424              |
| Job Autonomy                | 100 | 4.755 | 0.523              |
| Green Employee Behaviour    | 100 | 4.572 | 0.672              |

Source: Processed data 2023

#### 4.3 Reliability and Validity

Cronbach's Alpha is a frequently used indicator to measure reliability. If the Cronbach's Alpha value exceeds 0.70, it indicates that the measurement instrument used can be considered reliable (Sekaran & Bougie, 2017). The Cronbach's alpha on the variables used in this study ranged from 0.821 to 0.921 which exceeds 0.70 and concludes all variables used in this study are reliable as can be seen in Table 3. Furthermore, in Table 4 the outer loadings of all the items used are above 0.70 which means all items are highly satisfactory.

Following the methodology outlined (O'Leary-Kelly & J. Vokurka, 1998), discriminant validity and convergent validity were evaluated through Confirmatory Factor Analysis (CFA). In the CFA model, each item was linked to its corresponding construct, and the scrutiny of the Average Variance Extracted (AVE) followed the methodologies suggested (Fornell & Larcker, 1981), as reflected in Table 3. All of the AVE results from the variables are higher than 0.5. Islamic Values AVE is 0.914, Transformational Leadership AVE is 0.848, Job Autonomy AVE is 0.886, and Green Employee Behaviour AVE is 0.719. Thus, all the items in the variables used are valid. The results indicate that all variables meet the established reliability and validity criteria. Therefore, it can be concluded that all the data utilized in this research are both valid and reliable.

Table 3. Construct Reliability and Validity

|                             | Cronbach's alpha | Composite reliability (rho_a) | Composite reliability (rho_c) | AVE   |
|-----------------------------|------------------|-------------------------------|-------------------------------|-------|
| Islamic Values              | 0.907            | 0.935                         | 0.955                         | 0.914 |
| Transformational Leadership | 0.821            | 0.823                         | 0.918                         | 0.848 |

|                          |       |       |       |       |
|--------------------------|-------|-------|-------|-------|
| Job Autonomy             | 0.872 | 0.874 | 0.940 | 0.886 |
| Green Employee Behaviour | 0.921 | 0.938 | 0.939 | 0.719 |

Source: Processed data 2023

## 5. TESTING HYPOTHESIS

Before conducting the structural model test, collinearity is examined to ensure unbiased results in the regression test. Collinearity testing involves the use of the Variance Inflation Factor (VIF), where VIF values exceeding 5 indicate potential collinearity issues among predictors. In the collinearity test, VIF values range from 1.944 to 3.820, all below the limit 5, indicating the absence of collinearity issues among predictors. Moreover, all item's outer loadings are more than 0.5 which means that all of the items used in this study are valid.

To assess the significance level of path coefficients, bootstrapping is conducted with 100 subsamples. To be accepted, each hypothesis must have a t-statistic outside +1.96 and -1.96. Each hypothesis must also have a p-value lower than 0.5. The path analysis of the structural model is presented in Table 6. Islamic values ( $t = 6.123$ ;  $p$ -values = 0.000) exhibit a positive impact on Green Employee Behaviour, confirming hypothesis 4. Furthermore, Islamic values ( $t = 3.066$ ;  $p$ -values = 0.002) positively influence Job Autonomy, supporting hypothesis 1. Subsequently, Transformational Leadership ( $t = 2.692$ ;  $p$ -values = 0.007) has a positive impact on job autonomy, thereby supporting hypothesis 2. However, Transformational Leadership ( $t = 1.544$ ;  $p$ -values = 0.123) does not have a significant positive impact directly on Green Employee Behaviour, thus failing to support hypothesis 5. Finally, Job Autonomy ( $t = 3.461$ ;  $p$ -values = 0.001) positively affects Green Employee Behaviour, supporting both hypotheses 3 and 4. Thus, it can be concluded that all hypotheses except hypothesis 5 can be said with 95% confidence that these hypotheses are statistically acceptable.

Table 4. Loading Factor dan Collinearity Statistics

| Latent Constructs        | Items | Loadings | VIF   |
|--------------------------|-------|----------|-------|
| Green Employee Behaviour | EGB2  | 0.885    | 3.820 |
|                          | EGB3  | 0.876    | 3.603 |
|                          | EGB4  | 0.835    | 2.730 |
|                          | EGB5  | 0.717    | 1.983 |
|                          | EGB7  | 0.867    | 3.172 |
|                          | EGB8  | 0.895    | 3.628 |
| Islamic Values           | IV3   | 0.947    | 3.210 |
|                          | IV4   | 0.965    | 3.210 |
| Job Autonomy             | JA1   | 0.938    | 2.478 |



|                             |     |       |       |
|-----------------------------|-----|-------|-------|
|                             | JA2 | 0.945 | 2.478 |
| Transformational Leadership | TL3 | 0.917 | 1.944 |
|                             | TL6 | 0.925 | 1.944 |

Source: Processed data 2023

Tabel 5. Coefficient Path

|   | STDEV | T statistics | P-values | Result       |
|---|-------|--------------|----------|--------------|
| Islamic Values -> Green Employee Behaviour              | 0.089 | 6.123        | 0.000*   | H1. accepted |
| Islamic Values -> Job Autonomy                          | 0.129 | 3.066        | 0.002*   | H2. accepted |
| Job Autonomy -> Green Employee Behaviour                | 0.060 | 3.461        | 0.001*   | H3. accepted |
| Transformational Leadership -> Green Employee Behaviour | 0.111 | 1.544        | 0.123    | H4. rejected |
| Transformational Leadership -> Job Autonomy             | 0.147 | 2.692        | 0.007*   | H5. accepted |

Source: Processed data 2023

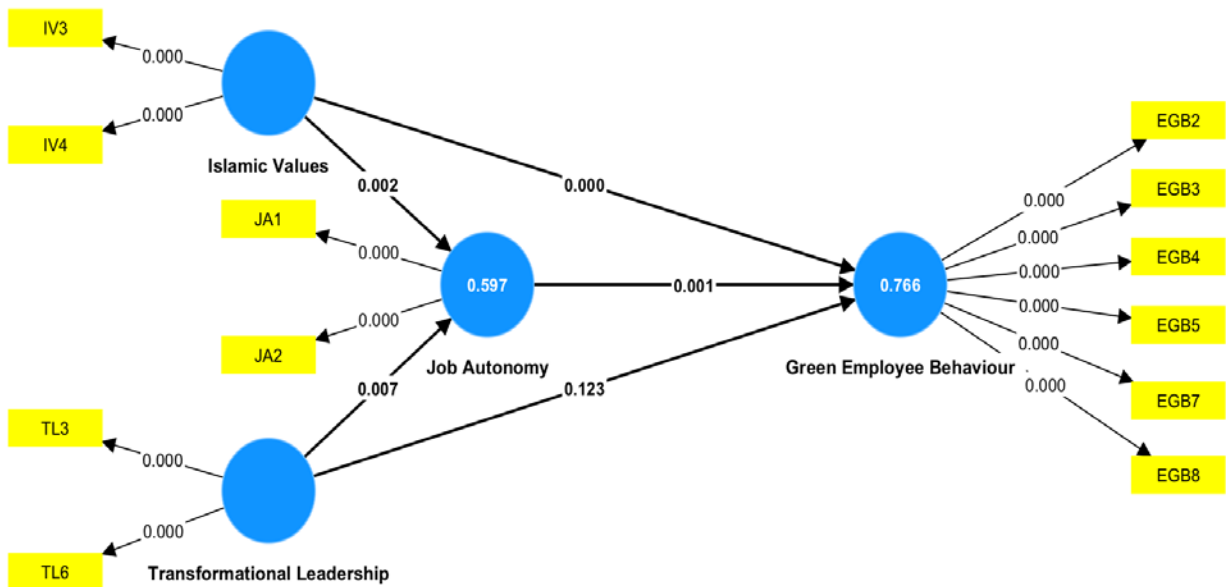


Figure 2. The Result of Influence of Islamic Values and Transformational Leadership on Employee Green Behavior in MSMEs Employees Mediated by Job Autonomy

## 6. DISCUSSION AND IMPLICATION

The research framework, built on Self-Determination Theory and theoretical insights, formulated hypotheses related to the impact of Islamic values and transformational

leadership on job autonomy, and subsequently on green employee behavior. The Structural Equation Modelling (SEM) results supported several hypotheses. Islamic values showed a positive influence on both job autonomy and green employee behavior, supporting Hypotheses 1 and 4. Transformational leadership positively impacted job autonomy (Hypothesis 2), aligning with previous studies, but did not have a significant direct effect on green employee behavior (Hypothesis 5).

Interestingly, job autonomy demonstrated a positive impact on green employee behavior (Hypothesis 3), emphasizing the importance of providing employees with the flexibility to manage tasks independently. However, transformational leadership's direct impact on green employee behavior was not significant, suggesting that its influence might be mediated through job autonomy. These findings highlight the intricate dynamics between leadership styles, job autonomy, and environmentally responsible behavior.

This study found consistent results with previous studies (Begum & Kanwal, 2019; Mariyana et al., 2024; Mutalib & Ghani, 2013; Ramalu & Rashid, 2017), which also found a dominant influence of Islamic values on Job autonomy. It could be because Islamic values are easier to measure in Muslim-majority countries where everyone has the same level of values. The findings offer practical guidance for MSME owners to optimize job autonomy based on Islamic values. Understanding the positive influence of Islamic values on job autonomy can help create work environments that align with ethical principles, fostering a sense of responsibility and autonomy among employees.

The study emphasizes the positive impact of job autonomy on green employee behavior (Katz et al., 2022; Kuo et al., 2022; Mi et al., 2020; Shibuya et al., 2023). MSMEs can leverage this insight to implement policies and practices that empower employees to make environmentally responsible decisions. This could include initiatives such as flexible work arrangements, employee involvement in decision-making processes, and aligning business values with environmental sustainability.

While transformational leadership was found to positively influence job autonomy aligned with other research (Den Hartog & Belschak, 2012; Svendsen et al., 2018; Tummers & Knies, 2016), its direct impact on green employee behavior was not significant, unlike previous research (Chen & Wu, 2022; Du & Yan, 2022; Liu & Yu, 2023). It can be the result of a different approach to transformational leadership than applied in MSMEs in Solo Raya. This suggests that MSME leaders may need to focus not only on inspiring and motivating employees but also on creating an organizational culture that promotes autonomy in environmentally responsible actions.

The study contributes valuable insights to the field of human resources management, specifically in the context of MSMEs. The research establishes a foundation for understanding the role of Islamic values and transformational leadership in shaping job autonomy and, consequently, influencing green employee behavior. The study contributes to the advancement of research in human resources management by addressing the gap in understanding the impact of Islamic values and transformational leadership on green employee behavior. Future research could delve deeper into the mechanisms through which job autonomy mediates the relationship between leadership styles and environmentally responsible behavior.

## **6. LIMITATION AND FUTURE RESEARCH**

The findings of this study are subject to several limitations that should be considered when interpreting the results. The reliance on self-reported data introduces the possibility of self-report bias, where respondents may provide socially desirable responses rather than expressing their true beliefs or behaviors. To mitigate this limitation, future research

could incorporate a mix of self-report data and objective measures or observational methods to enhance the validity of the findings. Moreover, the study predominantly employs a single-method data collection approach through questionnaires. While practical, this method may limit the depth of understanding. Future research could benefit from a mixed-methods approach, integrating qualitative methods such as interviews or focus groups to capture richer insights into employees' perceptions and experiences. Lastly, the scope of the study is focused on specific variables, namely Islamic values, transformational leadership, job autonomy, and green employee behavior. The omission of potential influencing factors, such as organizational culture or external influences, may limit the comprehensiveness of the study.

In the realm of environmental management, the goal is to align economic decisions with environmental objectives by applying market principles and economic incentives (Kuo et al., 2022; Shibuya et al., 2023). This paper conducts a thorough review and comparative analysis of various Market-Based Instruments (MBIs), encompassing Emissions Trading Schemes (ETS), Environmental Taxes, Subsidies and Grants, Tradable Permits, and Payments for Ecosystem Services (PES). Through an examination of each instrument's characteristics, effectiveness, and implications, the analysis draws insights from case studies and scholarly literature (Annaufal et al., 2023).

To address these limitations and contribute to the advancement of knowledge in this area, several recommendations for future research are proposed. Firstly, future studies should aim for diversity in industry and geographic scope to enhance the generalizability of findings. Exploring various industries and locations can illuminate the unique challenges and opportunities related to ethical and environmentally responsible behavior. Longitudinal studies are encouraged to capture changes over time and establish causal relationships between variables.

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