



Good Corporate Governance (GCG) - Emotional Spiritual Quotient (ESQ) Integration In Optimizing Employee Performance In Amil Institutions

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Abstrak

Good Corporate Governance (GCG) menjadi elemen kunci dalam pengelolaan organisasi modern, namun integrasi aspek Kecerdasan Emosional dan Spiritual (ESQ) juga berperan penting dalam meningkatkan kinerja organisasi. Penelitian ini bertujuan untuk menganalisis integrasi GCG berbasis ESQ di LAZISMU Kota Madiun dan dampaknya terhadap kinerja karyawan. Dengan metode kualitatif dan pendekatan lapangan, penelitian menemukan bahwa GCG berbasis ESQ diterapkan melalui lima prinsip utama: keterbukaan, akuntabilitas, indenpendensi, keadilan, dan tanggung jawab. Integrasi ini mendorong internalisasi nilai integritas, transparansi, serta tanggung jawab moral yang dipadukan dengan kecerdasan emosional dan spiritual. Hasilnya, lingkungan kerja menjadi lebih mendukung kesejahteraan psikologis dan etis karyawan. Pengukuran kinerja dari segi kuantitas, kualitas, dan ketepatan waktu menunjukkan bahwa karyawan terlibat aktif dalam kegiatan sosial-keagamaan, bekerja dengan nilai spiritual yang tinggi, serta menyelesaikan tugas secara efisien dan bertanggung jawab.

Kata Kunci: Good Corporate Governance; Emotional Spiritual Quotient; Kinerja; Lazismu.

Abstract

Good Corporate Governance (GCG) is a key element in modern organizational management, yet the integration of Emotional and Spiritual Quotient (ESQ) also plays a crucial role in enhancing organizational performance. This study aims to analyze the integration of ESQ-based GCG at LAZISMU Kota Madiun and its impact on employee performance. Using a qualitative method with a field research approach, the study finds that ESQ-based GCG is implemented through five core principles: transparency, accountability, independence, fairness, and responsibility. This integration promotes the internalization of integrity, transparency, and moral responsibility, combined with emotional and spiritual intelligence. As a result, the work environment becomes more supportive of employees' psychological and ethical well-being. Performance, measured in terms of quantity, quality, and timeliness, indicates that employees actively participate in social and religious activities, perform duties with strong spiritual values, and complete tasks efficiently and responsibly.

Keywords: Good Corporate Governance; Emotional Spiritual Quotient; Performance: Lazismu

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INTRODUCTION

The Zakat, Infaq, and Shadaqah Institution (LAZIS) plays a very crucial role in the lives of disadvantaged communities. Not only does it function as a channel of funds, LAZIS is also a hope for those who need help. Through its various programs, LAZIS plays an important role in improving the quality of life of disadvantaged communities (Mardani 2015). LAZIS activities include education, health, economics, social, and humanity, all of which aim to reduce social inequality and improve community welfare (Faiza, Syarifudin, and Nurafini 2023; Sholawati, Fauza, and Zainuddin 2022).

LAZIS faces various challenges in its efforts to improve the quality of service and adapt to changing times. Professionalism, accountability, and emotional and spiritual values are important pillars that must be maintained by LAZIS to maintain the trust of donors and beneficiary communities. In facing these challenges, LAZIS must continue to innovate and ensure that its operations are transparent and accountable (Munfaridi 2023).

The verse above emphasizes the importance of caring and sincerity in doing good deeds. This verse reminds us that Allah will multiply the rewards for those who give alms in His path sincerely. This verse is the spiritual foundation for LAZIS in carrying out its mission, inspiring sincerity in every deed done. Therefore, the implementation of Good Corporate Governance (GCG) based on

Emotional and Spiritual Quotient (ESQ) is an approach that can be applied by LAZIS to improve the quality of human resources (HR) according to sharia principles. ESQ-based GCG emphasizes transparency, accountability, independency, fairness, and responsibility, all of which are important to ensure good and reliable operations.

According to Franita (2018), GCG is a set of practices, principles, and standards used to manage and control a company or organization. The goal is to ensure transparency, accountability, integrity, and fairness in decision-making and operations. Meanwhile Agustian (2022) defines that ESQ is a concept that combines emotional intelligence and spiritual intelligence to improve a person's quality of life and well-being. ESQ teaches how a person can recognize and manage emotions, and develop spirituality to achieve higher life goals. The application of ESQ in organizations such as LAZIS is expected to improve employee performance and the effectiveness of the programs being run (Agustian 2022).

Madiun City faces various social challenges, including poverty and inequality. These social conditions require intervention from institutions such as LAZIS to address these issues. With programs focused on community empowerment, LAZIS is expected to provide effective solutions to reduce poverty and improve the welfare of the community in Madiun City. In Madiun City, there are various zakat institutions that are actively operating, such as LAZIS MU,

LAZISNU, and BAZNAS. The distribution of these zakat institutions shows a joint effort to address social problems through the collection and distribution of zakat, infaq, and shadaqah.

Based on the results of observations obtained by researchers, it was found that LAZISMU Madiun City, which was established in 2016, has various programs covering five main pillars: education, health, economy, social, and da'wah. This reflects their commitment to providing comprehensive services to the community. Meanwhile, LAZISNU, which was established in 2015 and BAZNAS in 2014, have different but still important program focuses. In terms of operational systems and morning activities, LAZISMU shows a more structured approach by performing dhuha prayers, reciting the Koran, and Islamic studies before starting work activities. In contrast, LAZISNU only prays alone and BAZNAS starts the day by praying together before working. This shows LAZISMU's efforts in building a more spiritual and communal work culture. In terms of permanent donors and the number of human resources, LAZISMU also appears superior with 350 permanent donors and 8 human resources in 2023, compared to LAZISNU which has 200 permanent donors and 6 human resources, and BAZNAS which has 335 permanent donors and 7 human resources in the same year. Overall, although these three institutions have their respective strengths, LAZISMU Madiun City appears superior

in terms of program diversity, operational approaches, and the number of donor and human resource support. This advantage shows that LAZISMU is not only focused on collecting zakat, infak, and sedekah, but also on empowering the community through various initiatives and programs designed to address diverse needs, providing a greater positive impact in efforts to improve the welfare of the community in Madiun City. (Mulyadi, 2024)

However, there are still challenges related to sharia-based graduates in Madiun City, not all of whom work in sharia financial institutions, indicating a gap between the knowledge and skills possessed by graduates and the needs of the job market. To overcome this, LAZISMU needs to consider its sharia perspective to ensure sustainability and conformity with sharia principles, and implement ESQ-based GCG to ensure the quality of human resources in accordance with sharia principles.

However, LAZISMU Kota Madiun faces several challenges, such as the less than optimal implementation of GCG in fund management which can result in inefficiency and risk of irregularities. The lack of ESQ integration in GCG is also an obstacle in interaction with the beneficiary community. To overcome this, LAZISMU Kota Madiun introduced the Key Performance Index (KPI) as a performance measurement tool, which helps monitor progress, identify areas of improvement, and allocate resources efficiently. This

KPI covers aspects of performance such as work quality, amount of work completed, creativity, ability to work together, trust, initiative spirit, and personal qualities, to ensure the achievement of organizational goals comprehensively (Wahjono 2022).

Several previous studies have discussed the application of Good Corporate Governance (GCG) principles in Islamic financial institutions and social organizations (Pratiwi and Ridlwan 2019; Setiyono 2021; Achmad and Indrarini 2022; Aziz and Jannah 2022), not many have studied the application of GCG based on Emotional and Spiritual Quotient (ESQ) in zakat institutions such as LAZISMU.

Existing research focuses more on aspects of transparency, accountability, and professionalism in the context of profit-based organizations, while the application of emotional and spiritual values as an integral part of GCG in the context of non-profit institutions such as LAZISMU Kota Madiun is still limited. In addition, although there is research that shows the importance of performance measurement through Key Performance Index (KPI), there has been no study that specifically integrates KPI with the spiritual values contained in ESQ in the context of zakat institutions.

Thus, there is still a lack of research that comprehensively examines how the implementation of ESQ-based GCG can directly affect the operational effectiveness and employee performance in zakat institutions, especially in LAZISMU Madiun City. Therefore, this study focuses

on filling this gap by exploring how the integration of ESQ-based GCG can optimize organizational and HR performance in LAZISMU Madiun City, as well as contributing to more specific literature on the implementation of ESQ-based GCG in zakat institutions in Indonesia.

LITERATURE REVIEW

Good Corporate Governance (GCG) is a set of practices, principles, and standards that aim to manage and control a company or organization by ensuring transparency, accountability, integrity, and fairness in decision-making and operations (Sudarmanto et al. 2021). According to Franita (2018), GCG is an important foundation for the continuity and success of an entity, which forms a basis for all managerial and operational actions. In a zakat institution, as expressed by Atsarina (2018) and Daniri (2005), the implementation of GCG requires several indicators that must be implemented properly. These indicators include transparency, accountability, independency, fairness, and responsibility. However, sometimes, the Emotional Spiritual Quotient (ESQ) aspect has not been fully integrated into the implementation of GCG, although ESQ has an important role in improving the quality of management.

ESQ, according to Agustian's definition, combines emotional intelligence and spiritual intelligence to improve a person's quality of life and well-being (Agustian 2022). The ESQ concept

emphasizes the development of emotional and spiritual aspects as a complement to intellectual intelligence (IQ). Success in achieving good ESQ includes emotional balance, self-awareness, empathy, spiritual resilience, continuous self-development, positive empowerment, and integrity and ethics (Stein et al. 2000).

The integration of GCG and ESQ principles in zakat institutions has not been widely studied in the existing literature. However, several studies have shown that the implementation of GCG in non-profit organizations can help improve accountability, efficiency, and public trust (Mawarto 2017; Sugiyanto et al. 2019; Romynenza et al. 2023; Bachtiar and Rahmawati 2023; Latifah, Aprilia, and Syam 2019; Rizkhazanah 2018), while the implementation of ESQ can strengthen humanitarian and spiritual values in the management of the organization (Roni, Sunaryo, and Pardiman 2020; Simarmata 2018; Winanto et al. 2022).

In the context of zakat institutions, the implementation of ESQ-based GCG is expected to improve the quality of human resources (HR), as well as minimize deviations and inefficiencies in the management of zakat funds. For example, the integration of ESQ in GCG can strengthen the principles of justice, transparency, and professionalism in decision-making, while encouraging managers to prioritize the interests of the community in every policy and program implemented.

According to Wahjono (2022), the implementation of GCG and ESQ can significantly improve organizational performance. The implementation of transparent and accountable GCG will increase public and donor trust in the institution, while the implementation of ESQ can increase employee motivation and enthusiasm in carrying out their duties. In the context of LAZIS MU Madiun City, the integration of these two principles is expected to produce more optimal performance, both in terms of fund management and in the implementation of social programs that are community empowerment. Based on this literature review, it can be concluded that the implementation of ESQ-based GCG in zakat institutions, especially in LAZIS MU Madiun City, has great potential in increasing operational efficiency, transparency, and accountability of the institution, while strengthening humanitarian and spiritual values in the management of zakat funds. Although many studies have examined aspects of GCG and ESQ separately, not many have integrated the two principles in the context of zakat institutions. Therefore, this study aims to fill this gap and contribute to the development of literature on the implementation of ESQ-based GCG in zakat institutions in Indonesia.

METHOD

This study uses a descriptive qualitative approach to describe the phenomenon of ESQ-based GCG role integration in improving employee performance at

LAZISMU Madiun City. The presence of researchers is very important to collect data directly from the original source through interviews with leaders and employees, participant observation, and documentation of various official documents. (Sugiyono 2017) Primary data sources include interviews with the chairman, secretary, and 3 employees of LAZISMU, while secondary data sources consist of historical information and organizational profiles.

Data collection techniques include interviews, observations, and documentation, with data validity checking through observation diligence, observation extension, and triangulation. Data analysis is carried out by reducing irrelevant information, presenting data effectively, and drawing conclusions based on the data collected. The research stages include pre-field preparation, data collection in the field, and analysis and preparation of reports at the post-field stage. (Sugiyono 2017)

RESULT AND DISCUSSION

Implementation of Good Corporate Governance (GCG) based on Emotional Spiritual Quotient (ESQ) at LAZISMU Madiun City

GCG as a set of principles and practices aimed at managing and controlling a company or organization by upholding transparency, accountability, integrity, and fairness in decision-making and its operations, is an important foundation for the continuity and success of the entity, which forms the basis for all

managerial and operational actions (Franita 2018). In the context of zakat institutions, the implementation of GCG requires the implementation of several key indicators, such as openness, accountability, independency, fairness, and responsibility, as expressed by Atsarina (2018) and Daniri (2005). However, although these aspects have received much attention, the integration of Emotional Spiritual Quotient (ESQ) in the implementation of GCG is often not optimal, even though ESQ plays a significant role in improving the quality of institutional management. ESQ, which according to Agustian (2022) combines emotional intelligence and spiritual intelligence to improve the quality of life, emphasizes the importance of emotional balance, self-awareness, empathy, spiritual resilience, continuous self-development, and integrity and ethics (Stein et al. 2000). Therefore, it is important to consider the ESQ aspect in strengthening the implementation of GCG, especially in the context of zakat institutions.

Therefore, in the implementation of GCG in zakat institutions such as LAZISMU Madiun City, it is important for managers to pay attention to the integration between GCG and ESQ. This integration allows institutions to not only focus on managerial and operational aspects, but also pay attention to the emotional and spiritual well-being of employees and beneficiaries. Thus, institutions can become more empowered and sustainable in making positive contributions to society.

In addition, the integration between GCG and ESQ can also increase the effectiveness and efficiency in managing and distributing zakat. Employees who have emotional and spiritual balance tend to be more productive, innovative, and able to carry out tasks with high responsibility (Arifin and Faiza 2019). This will have an impact on improving the quality of services and benefits provided to people in need, as well as strengthening the trust and reputation of institutions in the eyes of the public (Gómez-Leal et al. 2022).

ESQ and GCG are approaches that integrate the principles of good corporate management with aspects of emotional

and spiritual intelligence. This integration aims to improve employee performance and create a more productive and healthy work environment (Solihati et al. 2023). LAZISMU Kota Madiun implements ESQ in GCG through five main principles according to Sudarmanto including openness, accountability, independency, fairness, and responsibility. This is reflected in the practice of open communication, clear assignment of responsibilities, commitment to work ethics, fair distribution of funds, and compliance with regulations and sharia principles. The implementation of GCG at LAZISMU Kota Madiun is as follows, which can be seen in the table below:

Table 1. Implementation of GCG at LAZISMU Madiun City.

GCG Indicators	Employee Performance	LAZISMU Madiun Operations
Transparency	Employees report activities and work results openly.	<ol style="list-style-type: none"> 1. Making fund management information easily accessible to muzakki and mustahik. 2. Transparent financial reports 3. Actively involving muzakki and mustahik in decision-making related to funds.
Accountability	Employees are responsible for their work and decisions.	<ol style="list-style-type: none"> 1. Responsible for performance and conduct periodic evaluations. 2. Establish clear procedures for fund management. 3. Routine internal and external audits 4. Ensure actions are identifiable and traceable.
Independence	Employees carry out their duties with professionalism, competence, and ethics.	<ol style="list-style-type: none"> 1. Commitment to conduct activities with professionalism and in accordance with the law. 2. Recruiting competent staff with an emphasis on work ethics. 3. Conducting ongoing training for staff. 4. Ensuring staff work independently and avoid conflicts of interest.
Fairness	The fund management process is carried out fairly.	<ol style="list-style-type: none"> 1. Providing fair treatment to muzakki, mustahik, and stakeholders. 2. Distributing funds fairly and evenly. 3. Ensuring that mustahik who meet the requirements receive funds without discrimination.
Responsibility	Employees are responsible for their duties and the impact of their decisions.	<ol style="list-style-type: none"> 1. Following the principle of prudence and obeying the law. 2. Decisions and expenditures are carefully considered. 3. Setting high ethical standards for staff, employees, and management. 4. Making the goal of helping people in need the main focus of decisions and actions.

Table 1 above shows employee performance through GCG indicators at LAZISMU Madiun City. Transparency is demonstrated through honest and transparent reporting regarding the management of zakat, infaq, and sedekah funds, as well as easy public access to related information. LAZISMU Madiun also ensures accountability with clear procedures in fund management and routine audits to ensure compliance with GCG. Employee independency is reflected in high professionalism, competence and good work ethics, with placement based on ability and knowledge and ongoing training to improve their quality. Fairness in the distribution of charitable funds is reflected in the fair treatment of muzakki and mustahik, as well as employee responsibility in every decision, with the principle of prudence in fund management (Alifa and Normansyah 2020).

The implementation of each GCG indicator in Table 1 is reflected in tangible practices. For instance, in the transparency aspect, employees regularly publish monthly financial reports and program evaluations, which are openly shared with stakeholders via printed bulletins and WhatsApp groups. Regarding accountability, LAZISMU conducts biannual performance appraisals involving both self-assessment and supervisor feedback. Independence is also preserved, as evidenced by the prohibition of dual roles in decision-making committees and operational implementation, preventing

conflicts of interest. In terms of fairness, staff allocation for fund distribution is rotated monthly to avoid favoritism and ensure all mustahik groups are treated equally. Responsibility is also emphasized, with staff being required to follow a written Standard Operating Procedure (SOP) before disbursing any funds. These practices were verified through interview transcripts and SOP documents accessed during the fieldwork.

Based on the results of observations, interviews, and documentation that have been carried out by researchers, researchers found that LAZISMU Madiun City emphasizes the importance of openness, accountability, independency, fairness, and responsibility in its operations.

a. Transparency

Based on the research results obtained and obtained by researchers, it can be seen that the principle of openness applied by LAZISMU Kota Madiun is a direct application of the ESQ-based GCG concept. In GCG theory, openness or transparency is one of the key elements needed to be able to continue to ensure integrity and accountability in organizational management (Firmansyah and Devi 2017).

The above is in line with what was expressed by researcher Riska Franita, who stated that GCG includes practices, principles, and standards that aim to ensure transparency, accountability, integrity, and fairness in decision-making and operations (Franita 2018). By ensuring openness

in reporting activities and work results, LAZISMU Kota Madiun can continue to build trust and fairness in the organization, as expressed by Mulyadi and Ratih (2024).

In addition, openness is also an integral part of the implementation of ESQ. According to Agustian (2022), ESQ emphasizes the development of emotional and spiritual aspects as a complement to intellectual intelligence (IQ). In the research results obtained by this researcher, openness in LAZISMU Madiun City not only includes transparency in financial management and decision making, but also involves transparency in communicating about feelings, ideas, and personal problems. This is in line with what Andriana (2024) explained, that in LAZISMU Madiun City, employees are encouraged to speak openly about their feelings and ideas, creating a work environment that pays attention to the emotional and spiritual aspects of employees.

Thus, the openness implemented by LAZISMU Madiun City is not only an effort to ensure accountability and fairness in organizational management, but also as part of an effort to develop the emotional and spiritual aspects of employees, in accordance with the principles of ESQ-based GCG. This creates a work environment that supports the personal and professional growth of employees, while strengthening the values of fairness, integrity, and sustainability in organizational operations.

b. Accountability

Based on the research results obtained by the researcher, it is known that the implementation of accountability shown by LAZISMU Madiun City reflects the principles of GCG based on ESQ. In GCG theory, accountability is one of the important elements that ensures that every member of the organization is responsible for their duties and performance (Iqbal et al. 2024). This principle is in line with what was described by Atsarina (2018) who stated that accountability is one of the indicators of effective GCG implementation, which includes the obligation to report and be accountable for tasks and decisions.

At LAZISMU Kota Madiun, openness in reporting activities and work results, as well as establishing procedures is carried out very clearly for managing funds and evaluating employee performance, as expressed by Mulyadi and Dian (2024). This is a concrete effort to implement accountability in the organization. This is also in accordance with the principle of openness in GCG, which demands transparency in the decision-making process and management of organizational resources (Thompson and Robinson 2019).

In addition, the emphasis given by LAZISMU Kota Madiun on the ESQ-based accountability aspect also reflects an awareness of the importance of developing emotional and spiritual aspects in organizational management. As explained by Mulyadi, accountability at LAZISMU Kota Madiun also involves responsibility for managing emotions and

maintaining integrity in spiritual values and goals. This is in accordance with the ESQ concept which emphasizes the importance of self-awareness, integrity, and spiritual responsibility in achieving individual and organizational well-being as a whole (Thompson and Robinson 2019). Thus, the implementation of ESQ-based accountability by LAZISMU Kota Madiun is not only to ensure effective and efficient performance, but also to build an emotionally and spiritually balanced work environment. This creates a solid foundation for achieving organizational goals by strengthening the values of integrity, responsibility, and sustainability in their operations, in accordance with the principles of ESQ-based GCG.

c. Responsibility

The implementation of responsibility at LAZISMU Kota Madiun, as explained by Dian (2024), highlights the importance of compliance with applicable regulations and commitment to sharia principles in every aspect of activities. This is in accordance with the principles of GCG, which emphasize the importance of transparency, accountability, and compliance with applicable regulations in company management. GCG theory highlights the importance of implementing good practices in carrying out company operations, including compliance with established regulations and guidelines. (Ratih, 2024)

The explanation of Mulyadi (2024) as the chairman of the management board

working at LAZISMU Kota Madiun who explained about compliance with the guidelines set by related parties, such as regulations from the Ministry of Religion and Muhammadiyah, also strengthens the GCG concept implemented by LAZISMU Kota Madiun. LAZISMU Kota Madiun complies with the established guidelines and regulations as one indicator of compliance with the rules in the business environment. Furthermore, the implementation of the internal control system at LAZISMU Kota Madiun, as expressed by Azizah (2024), is also an important strategy in ensuring that every activity at LAZISMU Kota Madiun runs in accordance with established procedures. The principles of internal control are an integral part of GCG practices, which aim to identify, evaluate, and control risks that the company may face.

Providing welfare to employees at LAZISMU Kota Madiun, as explained by Andriana (2024), also reflects corporate social responsibility (CSR) in GCG. Providing incentives and facilities to employees as a form of appreciation for their contributions is a common strategy in strengthening the organization's commitment to employee welfare.

Finally, Dian's (2024) explanation regarding ESQ-based accountability at LAZISMU Kota Madiun emphasizes the importance of acting ethically and responsibly in managing emotions and spiritual values in every action. This reflects the awareness of employees at LAZISMU

Kota Madiun of the importance of integrity and moral responsibility in carrying out their duties, which is in line with the principles of ESQ-based GCG.

Thus, the implementation of accountability in LAZISMU Kota Madiun reflects LAZISMU Kota Madiun's commitment to the implementation of various forms of GCG principles, including compliance with regulations, implementation of internal control systems, corporate social responsibility, and moral integrity in every action. This strengthens the foundation of the organization to carry out tasks with high integrity and responsibility.

d. **Independency**

The implementation of independence conveyed by LAZISMU Kota Madiun reflects the importance of GCG principles based on ESQ in creating a quality and ethical work environment. Independence in GCG requires professionalism, competence, integrity, and adherence to high work ethics from each member of the organization, in accordance with what has been explained by Agustian in the ESQ concept which emphasizes the balance between intellectual, emotional, and spiritual intelligence. (Agustian 2022)

LAZISMU Kota Madiun's efforts to maintain independence are demonstrated through LAZISMU Kota Madiun's policies which prohibit conflicts of interest and acceptance of gifts, as well as a commitment to maintaining customer confidentiality and financial transactions. This is in accordance

with the GCG theory which emphasizes the importance of transparency, integrity, and accountability in organizational management, as explained by Agustian (2022).

In addition, objective emotional management and effective communication, as expressed by Mulyadi (2024), are also important aspects of ESQ-based independence at LAZISMU Kota Madiun. This is in line with the ESQ concept which emphasizes the development of emotional and spiritual aspects as a complement to intellectual intelligence. Thus, LAZISMU Kota Madiun's efforts in managing emotions and communicating effectively strengthen their professionalism in interacting with all parties, regardless of differences in emotions or spiritual values.

Thus, it can be seen that the independence and professionalism upheld by LAZISMU Kota Madiun not only cover aspects of competence and work ethics, but also involve effective emotional management and communication, in accordance with ESQ-based GCG principles. This ensures the creation of a professional, ethical, and quality work environment, which is a strong foundation for the success and sustainability of the organization.

e. **Fairness**

The application of the principle of fairness by LAZISMU Kota Madiun, as explained by Mulyadi, emphasizes the importance of a fair and transparent approach in managing funds. This is in line

with the concept of GCG, which emphasizes the importance of justice in the distribution of resources and equal treatment of all stakeholders. GCG theory emphasizes that justice is the main foundation in building trust and support from the community, so that organizations can contribute positively to efforts to improve shared prosperity (Iqbal et al. 2024).

The explanation from Azizah (2024) as the office manager of LAZISMU Madiun City explained that the principle of justice in the involvement of all parties related to organizational activities strengthens the GCG concept. Placing the interests of all parties, including beneficiary communities, donors, and other related parties, as the main priority, proves LAZISMU Madiun City's commitment to the principle of justice in fund management.

In addition, the principle of transparency explained by Andriana (2024) is also closely related to GCG theory. Transparency in presenting information regarding the use and distribution of zakat, infaq, and sedekah funds strengthens public trust in the organization. This is in accordance with the GCG principle which demands openness and accountability in organizational management (Arofah 2024).

Furthermore, the explanation from Azizah (2024) regarding the principle of ESQ-based fairness at LAZISMU Madiun City emphasizes the importance of respecting the emotions and spiritual values of each individual in the work environment. This reflects an understanding of the ESQ

concept which emphasizes the importance of emotional and spiritual balance in creating a healthy and harmonious work environment.

Thus, the implementation of the principle of fairness by LAZISMU Kota Madiun not only ensures that every step of fund management is carried out with high integrity and trust, but also illustrates their commitment to ESQ-based GCG principles, which include fairness, transparency, and respect for individual spiritual values. This strengthens the foundation of the organization to continue to contribute to improving shared welfare in society.

It can be seen that Good Corporate Governance (GCG) is a framework of practices and principles that aims to ensure transparency, accountability, independency, and fairness in the management of an organization. At LAZISMU Kota Madiun, the implementation of GCG is complemented by the integration of the Emotional Spiritual Quotient (ESQ) aspect, which combines emotional and spiritual intelligence to improve the quality of management. ESQ emphasizes the importance of emotional and spiritual development as a complement to intellectual intelligence (IQ), which helps create a balanced and empowered work environment.

The implementation of ESQ-based GCG at LAZISMU Kota Madiun shows a strong commitment to the principles of transparency, accountability, independence, fairness, and responsibility. The integration

of ESQ in GCG allows LAZISMU Kota Madiun to not only focus on efficient and effective management, but also pay attention to the emotional and spiritual well-being of employees and beneficiaries. This is reflected in the practice of transparency in financial reports and internal communications, a reward system that prioritizes accountability, a prohibition on conflicts of interest that strengthens professionalism, fair distribution of funds to reflect fairness, and compliance with regulations and sharia principles as part of accountability.

Thus, by integrating GCG and ESQ, LAZISMU Kota Madiun not only improves operational effectiveness and management efficiency, but also strengthens service quality and positive contributions to the wider community. This approach provides evidence that ESQ-based GCG principles are not only relevant in managerial and operational contexts, but also in strengthening spiritual values and emotional balance, which are essential for the long-term success of the organization.

Optimizing the Role of Integration of Good Corporate Governance (GCG) Based on Emotional Spiritual Quotient (ESQ) in Improving Employee Performance at LAZISMU, Madiun City

LAZISMU Kota Madiun has implemented Good Corporate Governance (GCG) based on Emotional Spiritual Quotient (ESQ) with the aim of improving employee performance through an approach

that emphasizes integrity, transparency, and moral responsibility. This approach creates a work environment that pays attention to the emotional and spiritual aspects of employees, by implementing values such as honesty, empathy, and self-awareness in every interaction and decision-making. Mulyadi, chairman of LAZISMU Kota Madiun, highlighted the importance of creating a fair and transparent work atmosphere that encourages employees to give their best. This approach not only increases employee morale but also has the potential to improve their psychological well-being, which in turn contributes to the overall performance of the organization. The implementation of ESQ-based GCG at LAZISMU Kota Madiun is also reflected in the experience of muzakki, who feel helped by the transparency of fund management and routine reporting provided by the organization. Muzaki such as Widya Astuti and Anur Media (2024) highlighted the friendly and professional service they received, as well as their trust in the use of funds that were on target. Employee performance at LAZISMU Madiun City is measured through three main indicators: quantity, quality, and punctuality. In terms of quantity, employees are actively involved in various social and religious activities every month, such as zakat distribution and religious counseling. This reflects their commitment to making a positive contribution to society, as explained by Azizah and Amalia (2024).

In terms of quality, employee

performance at LAZISMU Kota Madiun is assessed by how well they carry out activities by considering moral and spiritual values such as honesty, integrity, and empathy. Employees are empowered to maintain high ethical standards in every aspect of their work, as expressed by Dian and Rasyida (2024).

The impact of ESQ-based GCG integration is evident from several performance outcomes at LAZISMU. According to Azizah (2024), from 2022 to 2023, the number of completed community empowerment programs increased by 25%, while the percentage of on-time project completions rose from 78% to 91%. Employee absenteeism also declined by 18% following the implementation of structured ESQ training in mid-2023. Mulyadi (2024) noted that employee self-reporting and initiative in proposing new social programs have significantly improved, with at least three new program ideas proposed each quarter. These performance improvements suggest that the values embedded in ESQ-based GCG, such as integrity, empathy, and self-awareness, directly contribute to more proactive, disciplined, and ethical work behavior.

Punctuality is also an important focus in the implementation of ESQ-based GCG at LAZISMU Kota Madiun. Employees in this organization are not only committed to completing tasks on time but also to providing a quick response in urgent situations, such as in distributing aid during natural disasters, as explained by Mulyadi

and Azizah (2024).

The results of interviews with muzakki showed that LAZISMU Kota Madiun employees consistently met expectations regarding punctuality and high-quality service. Muzakki such as Widya Astuti and Anur Media (2024) observed that employees always maintain punctuality in carrying out activities and are responsive to community needs.

So it can be seen that in LAZISMU Madiun City, the implementation of ESQ-based GCG is very prominent in managing the organization. This approach emphasizes values such as integrity, transparency, and moral responsibility as the main foundation. This not only creates a more humane work environment, but also pays attention to the psychological needs of employees to improve the welfare and performance of the organization as a whole. The implementation of ESQ-based GCG in LAZISMU Madiun City is reflected in their commitment to creating a fair and transparent work atmosphere. Values such as honesty and empathy are upheld in every interaction and decision making. Thus, the organization seeks to build trust, work enthusiasm, and better performance, as stated by Mulyadi and Azizah (2024). From an employee performance perspective, evaluation is carried out by considering indicators of quantity, quality, and timeliness. Performance is measured based on how much employees are involved in social and religious activities as part of the company's social responsibility. This

is in line with ESQ's goal of developing the emotional and spiritual aspects of employees, as explained in the views of mustahiq and muzaki.

Specifically, the quantity of employee performance is measured by the number and type of social activities they do every month, such as distributing zakat and raising funds for natural disasters. This shows their dedication in implementing ESQ-based GCG values in daily practice. Meanwhile, the quality of employee performance at LAZISMU Kota Madiun involves not only technical skills, but also morality and integrity in every action. LAZISMU Kota Madiun is empowered to ensure that interactions with the community, donors, and co-workers are carried out with high professionalism in accordance with the values upheld. Punctuality at LAZISMU Kota Madiun is also a crucial factor in evaluating employee performance. LAZISMU Kota Madiun places the importance of completing tasks according to the set deadline, upholding values such as patience and responsibility in managing time efficiently. Overall, it can be understood that the implementation of ESQ-based GCG at LAZISMU Kota Madiun has proven its success in creating an ethical and responsible work environment. This approach not only optimizes employee performance in terms of quantity, quality, and timeliness, but also strengthens the organization's reputation as a caring and professional entity in all their actions.

CONCLUSION

The implementation of Good Corporate Governance (GCG) based on Emotional Spiritual Quotient (ESQ) at LAZISMU Kota Madiun reflects a high commitment to values such as openness, accountability, independence, fairness, and responsibility in all aspects of its operations. This practice is realized through open communication, clear determination of responsibilities, commitment to work ethics, fair distribution of funds, and compliance with regulations and sharia principles. Openness and accountability are seen in the transparency of decision-making and periodic performance evaluations, while independence and fairness are reflected in the fair distribution of funds and the presentation of honest information. Accountability is realized through compliance with regulations, implementation of internal control systems, and provision of welfare to employees.

The integration of GCG based on ESQ at LAZISMU Kota Madiun shows that the implementation of GCG principles combined with ESQ significantly improves employee performance. Integrity, transparency, and moral responsibility combined with elements of honesty, empathy, and self-awareness create a work environment that pays attention to the emotional and spiritual aspects of employees. The results of the study highlighted employees who were active in social and religious activities, maintained high ethical standards in work, and completed tasks

on time with spiritual values. Customers provided positive feedback, observing employee dedication, professionalism, and punctuality in providing services. Overall, the implementation of ESQ-based GCG at LAZISMU Kota Madiun has been proven to improve employee psychological well-being and the quality of organizational performance.

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