

Islamic psychology in leadership practices: a case study of wardah cosmetics

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ABSTRACT: This study investigates the application of Islamic psychological principles in leadership practices at PT Paragon Technology and Innovation, particularly in the context of Wardah Cosmetics. The research adopts a qualitative descriptive methodology, utilizing a case study with literature review and documentation analysis. Results indicate that leadership at Wardah Cosmetics embodies Islamic values, including integrity, trustworthiness (amanah), and social responsibility. These values are reflected in leadership behaviors that prioritize employee welfare, uphold ethical business practices, and foster a spiritually nourishing workplace. Consequently, the company cultivates a work environment grounded in Islamic ethics, reinforcing both individual and organizational growth.

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Leadership plays a pivotal role in determining the success and direction of an organization. Effective leadership is characterized by the ability to inspire, motivate, and guide team members toward the achievement of shared objectives, ultimately exerting a constructive influence on both individuals and the organization. Leadership approaches vary widely, and one significant model is Islamic leadership, which draws inspiration from the exemplary conduct of the Prophet Muhammad (peace be upon him) and his companions. The Qur'an references leadership using terms such as *khalifah* (caliph), *imamah* (leadership), and *uli al-amri* (those entrusted with authority), each denoting roles tied to responsibility and governance (Zuhdi, 2014).

Islamic leadership is fundamentally grounded in the principles and ethics of Islamic teachings. Leaders are expected to serve as moral exemplars by upholding justice, integrity, humility, and a sincere concern for the well-being of their subordinates. Ethical decision-making and organizational governance are central components of this leadership style. A prominent example of this model in practice is Wardah Cosmetics, an Indonesian brand that integrates Islamic values throughout its operations. Since its inception, Wardah has positioned itself as a provider of halal-certified and ethically produced cosmetics, catering to the needs of Muslim consumers. The company's commitment to halal standards is not merely symbolic but embedded in its operational ethics, thereby reinforcing its reputation and consumer trust. Wardah's success illustrates the practical viability of value-driven leadership and highlights how adherence to Islamic ethical frameworks can foster organizational excellence and public credibility. Given the dynamic and often unpredictable nature of the contemporary organizational environment—characterized by volatility, uncertainty, complexity, and ambiguity—Islamic leadership offers a relevant and adaptive paradigm. It emphasizes principles such as justice, honesty, humility, and compassion, which are increasingly vital in navigating modern organizational challenges (Budiharto et al., 2019).

Islamic leadership is defined as the capacity of an individual to influence others through internalization of Qur'anic and prophetic values, including trustworthiness (*amanah*), accountability, patience, and fairness (Mahazan et al., 2015). As described by (Ekhsan & Mariyono, 2020), leadership in Islamic-oriented organizations is rooted in scriptural guidance from the Qur'an and Sunnah, and these teachings are practically applied within organizational systems. Leaders who adopt a spiritually grounded leadership style are inclined to uphold truth, fulfill entrusted responsibilities, serve with sincerity, foster harmonious relationships, and exercise wise judgment. Sunanda (2020) further asserts that Islamic leadership entails the embodiment of Islamic values by individuals who influence others in a way that reflects their personal integrity, thereby positively shaping organizational culture and employee engagement.

Mahazan et al. (2015) identified four key dimensions of Islamic leadership. First, trustworthiness and integrity, as referenced in Quranic verse Al-A'raf: 27, requires that leaders uphold organizational mandates and remain consistent in adhering to established guidelines. Second, member orientation, as elaborated in Al-A'raf: 62–79, emphasizes the leader's responsibility to offer counsel and moral guidance, particularly in the implementation of religious principles. Third, the principle of *muhasabah*—self-reflection and accountability—is drawn from Al-An'am: 164, underscoring that leadership is a divine trust that must be executed with justice, lest it incur divine retribution. Lastly, patience is highlighted in Al-A'raf: 154, where leaders are advised to refrain from making decisions during emotional unrest or anger, instead exercising deliberation and emotional restraint in their judgments.

The effectiveness of Islamic leadership is shaped by both internal and external factors, as discussed by Syakinah et al. (2023). Internally, this includes (1) personal character, comprising traits such as honesty, fairness, trustworthiness, and wisdom; (2) knowledge, referring to the leader's command of relevant disciplines and expertise; and (3) skills, which involve the ability to fulfill organizational duties efficiently and competently. Externally,

leadership is influenced by: (1) organizational environment, encompassing goals, structural frameworks, and the prevailing culture, (2) social environment, which includes societal values and public perceptions that shape leadership behaviors; and (3) Islamic values, which serve as a moral compass for leaders, guiding them toward just, reliable, and wise decision-making.

A literature review by Shobastian and Aini (2020) affirms that Islamic leadership exerts a positive impact on organizational culture, fostering an ethical climate grounded in Islamic work values. This alignment strengthens employee motivation, enhances individual and group performance, and promotes a shared aspiration to attain divine blessings. Supporting this, empirical evidence from Efrina (2022) indicates a significant positive correlation between Islamic leadership styles and employee performance. Similarly, Ekhsan and Mariyono (2020) found that Islamic leadership significantly enhances productivity within organizational contexts.

In light of these conceptual and empirical insights, the primary objective of the study is to explore and analyze the leadership practices at Wardah Cosmetics through the lens of Islamic values and psychology.

METHOD

This research was conducted with a qualitative approach through a case study in an organization. Data were collected through document and literature studies. Data were analyzed using a literature review and analysis of video footage of interviews with leaders. The literature review was conducted by reviewing, examining, and studying various sources of information related to the research topic (Hariyanti & Wirapraja, 2018). Researchers collected data and information related to Islamic leadership applied to Wardah *Cosmetics company leaders* through various sources, including scientific journals, official articles, and *online publications*.

RESULTS

Organization Profile

Wardah Cosmetics is an Indonesian cosmetic brand founded in 1995. Wardah Cosmetics is owned and operated under the auspices of PT Paragon Technology and Innovation, a leading cosmetics and personal care company in Indonesia. Wardah's products cover various categories such as *makeup*, *skincare*, *bodycare*, and *haircare*. Wardah positions itself as a halal, natural, and scientific cosmetic brand targeting Muslim consumers in Indonesia and Southeast Asia. Wardah focuses on quality products at competitive prices. Wardah emphasizes values such as divinity, exemplary behavior, responsibility, family, and customer focus. Wardah also considers innovation as the key to success, with an emphasis on patience, hard work, caring for others, and having a greater vision to provide benefits to society.

Wardah Cosmetics is owned and operated by PT Paragon Technology and Innovation (formerly PT Pusaka Tradisi Ibu), an Indonesian company founded in 1985. The company started modestly but has been managed in a good manner. At the beginning, PT Pusaka Tradisi Ibu only produced hair care products marketed to salons. Then Putri was born as its pioneer brand with the tagline "*Salon's Best Choice* " which is still produced today. Currently, PT Paragon is one of the leading cosmetic manufacturers and distributors in Indonesia. In addition to the Wardah brand, PT Paragon also has several other cosmetic brands such as Make Over, IX, Marina, and Emina. PT Paragon has production facilities in Indonesia and exports its products to several countries in Southeast Asia. The company is known for its focus on research and development to create innovative and high-quality cosmetic products.

Wardah's success cannot be separated from the figure of Nurhayati Subakat. She is a figure who played a major role in making Wardah Cosmetics one of the leading cosmetic brands in Indonesia. As the CEO of PT Paragon Technology and Innovation, which is Wardah's parent company, Nurhayati started her business in 1985 by establishing PT Paragon (formerly known as PT Pusaka Tradisi Ibu). Initially, she was just an ordinary housewife, but thanks to her hard work, Nurhayati managed to develop PT Paragon into the largest cosmetic manufacturer in Indonesia. Under her leadership, Wardah Cosmetics transformed into the first halal-certified cosmetics in Indonesia. Nurhayati played a key role in developing high-quality Wardah products through her team. Thanks to her visionary leadership, Wardah continues to expand its market reach not only in Indonesia, but also in the Southeast Asia region. Nurhayati has received various awards, including the Lifetime Achievement Award, for her extraordinary contribution in building the Indonesian cosmetic industry.

Implementation Islamic Psychology in Wardah

Based on a video interview with Nurhayati Subakat, who is the CEO and founder of PT Paragon Technology and Innovation, it is known that the beginning of the creation of the Wardah brand was when one of the Islamic boarding schools suggested making a Muslim product that was oriented towards or oriented towards Arabic, and suggested a product name, namely "wardah" which means rose. PT Paragon Technology and Innovation has and implements corporate values, namely divinity, exemplary behavior, responsibility, family, customer focus and innovation. This shows that there is an influence of the social environment in sparking the formation of the idea of a Muslim product that is oriented towards or oriented towards Arabic, in accordance with what Syakinah et al. (2023) stated that there are external factors that influence Islamic leadership, namely the social environment, organizational environment and Islamic values. Nurhayati Subakat started building a household cosmetics business in 1985 with the capital of scientific knowledge as a pharmacist. Starting from trying to make a shampoo formula, which then offered its products to the closest environment, but due to a lack of knowledge about marketing strategies, it was rejected because the product was not widely known to the public. Then, one of her neighbors who had worked in a salon, offered the product to salons, where salons understand more about determining the quality of shampoo, which can be seen from whether it damages the hands or not. This shampoo product was finally liked by several salons, until the salons asked to make creambath products, as well as curling medicine. Without needing a long time, about a year the shampoo product had spread to all salons in the city of Tangerang by holding the principle of making good products at competitive prices.

The Wardah Cosmetics brand was first launched in 1995 and underwent rebranding in 2009, until it became the market leader and top mind for the halal cosmetics market in Indonesia. Now it has subsidiary products such as MakeOver, Emina, Putri, and IX. Nurhayati said that there are two keys to building a business, namely wanting and being able to. Wanting is interpreted as having a strong will, and being able to is interpreted as we must understand/comprehend the business we are building. This is in line with what was expressed by Syakinah et al. (2023) that internal factors that influence Islamic leadership are the character or personality of the leader, the leader's knowledge, and the leader's skills, where Nurhayati believes that in building a business, there needs to be a will and understanding of the business being built.

Nurhayati also said that when Wardah relaunched in 2009, which coincided with the booming hijaber, it was considered the right momentum, where in Islam there are no miracles without the permission of Allah Swt. Then in 2015, Wardah launched a sub-product, namely Emina, which is intended for millennials. Nurhayati believes that the journey that has fallen and risen several times, Allah always makes it easy, and we who try but success is the intervention of the one above. Nurhayati also applies divine values, by always instilling a sense of sincerity, patience, in facing every challenge, being humble by not feeling great, so she must always learn to improve innovation, not be arrogant, and work hard. This is

in accordance with what was expressed by Mahazan et al. (2015) regarding the indicators of Islamic leadership, namely trust or integrity, member orientation, patience, and self-reflection. Where Nurhayati has good integrity in running her business, instilling divine values such as patience and sincerity towards the members she leads. In addition, Nurhayati also revealed that she always believes in the help of God's hand so that she is always patient in facing the ups and downs of the business she leads, Nurhayati also believes that there will always be ease in difficulties. Furthermore, Nurhayati also said that vision is a goal so we must have a vision, and be sure that our efforts can help many people. Like the company she built which has a vision, namely to continue to grow so that it is useful for many people. Nurhayati also left a message to millennials, we all start from small things, everything requires a process, do not expect quick results and learn continuously and carefully.

DISCUSSION

The results of this study illustrate how Islamic values, personal character, and environmental influences intertwine in shaping leadership and entrepreneurial success. Nurhayati Subakat's journey in founding and developing Wardah Cosmetics demonstrates the significant role of both internal and external factors in shaping an Islamic-oriented business. The influence of her social environment—specifically the suggestion from an Islamic boarding school to create a Muslim product—confirms what Syakinah et al. (2023) emphasized: the social and organizational environment, alongside Islamic values, are key external factors influencing Islamic leadership development.

Nurhayati's emphasis on the importance of willpower and knowledge in building a business also corresponds with the internal factors outlined by Syakinah et al. (2023), namely the personality, knowledge, and skill of the leader. Her strong motivation and understanding as a pharmacist enabled her to develop quality products that aligned with both scientific standards and religious expectations. This finding resonates with the study by Kayed & Hassan (2010), which highlights how Islamic values shape entrepreneurial motivations and practices. It finds entrepreneurs view their work as both a religious obligation and an economic duty, aimed at generating halal income and contributing to the *falah* (well-being) of the Muslim *ummah*.

The trajectory of Wardah's branding and market positioning—especially the successful rebranding in 2009—also reflects Nurhayati's strategic acumen and spiritual sensitivity. Her ability to recognize momentum (e.g., the hijaber trend) reflects not only business intuition but also religious consciousness, where she attributed success to divine will, a sentiment aligned with *tawakkul* (trust in God). Mahazan et al. (2015) noted that key indicators of Islamic leadership include trustworthiness, patience, humility, and self-reflection, all of which are evident in Nurhayati's narrative. Her leadership values—such as humility, sincerity, and hard work—are rooted in Islamic teachings and are reflected in how she motivates others, fosters innovation, and emphasizes continuous learning.

These results also affirm the findings of Febriani (2021) and Rizaldy and Hidayatullah (2021) which emphasizes Islamic values in leadership. Furthermore Febriani (2021) has explained how Islamic leadership, organizational culture, and spirituality positively influence organizational performance—making it directly relevant to themes like *amanah*, *maslahah*, and long-term value-based leadership. Nurhayati's vision to build a business that benefits many people mirrors this idea, underscoring the moral dimension of her entrepreneurial philosophy.

In sum, the case of Nurhayati Subakat offers empirical support for the idea that Islamic leadership in business thrives at the intersection of religious commitment, professional knowledge, and social influence. It also shows that successful Muslim entrepreneurs can integrate divine values and market-oriented strategies, resulting in sustainable and impactful business growth.

This study has limitations that need to be considered. One of the main limitations is the limited depth of information exploration, because the data used only came from video interviews published online. Although video interviews can provide valuable initial information, this type of data collection method has limitations in terms of depth and context. Interviews conducted through *online media* generally focus on specific topics and do not include broader and more comprehensive discussions.

CONCLUSION

PT Paragon *Technology and Innovation*, the company behind the famous cosmetic brand Wardah Cosmetics has become an inspiring example of how Islamic leadership can be successfully implemented in the business world. By implementing Islamic leadership based on the values of divinity, exemplary behavior, responsibility, family, innovation, and supported by the characteristics of a good leader, Nurhayati Subakat has succeeded in leading PT Paragon *Technology and Innovation* to become a successful and inspiring company.

SUGGESTION

Suggestions that researchers can provide regarding the limitations of research regarding less in-depth information gathering, namely by conducting direct interviews with sources to dig deeper and obtain a more comprehensive context. This will allow researchers to explore issues that may not have been revealed in *online interviews*.

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