

# CHAPTER 1

## INTRODUCTION

### A. Background of The Problem

Along with the growth of industrial productivity, many countries, either from the west or the east, have experienced ethical chaos, such as the growth of corruption, exploitation of the weak, unabated materialism, pollution and widespread immorality and the destruction of the social fabric of the family. The study of work ethics has gained significant interest in recent years following the failures of major corporations like Enron and WorldCom. However, Islam as a comprehensive religion and a complete way of life can proffer some solutions to this chaotic situation especially to the Muslims. In fact, had the Islamic work ethics being adhered to, the Muslims could have become the dominant power long ago. This is because, with abundance of natural resources and a comprehensive religion like Islam, Muslims ought to be the economic and political power of the world. Unfortunately, they are still left far behind compared to other nations. (Ahmad Shukri et al, 2012; Rokhman Wahibur, 2010).

Religion is one of the most influential social institutions that is significantly associated with people's attitudes, values and behaviours. It tells specifically the effects to the organization matters include on the managers and employees' approaches and decisions. Spilka et al. (2003) asserted that religion plays an inseparable role in numerous forms of human interactions. As a comprehensive

religion, Islam governed all aspect of life as an integrated system that clearly stressed on the importance of its values and practices in order to seek Allah's blessings and mercy (rida). While, in business field, a combination of profit and mashlahah maximization would bring the business into achieving real success (Ahmad, 2014)

The concept of ethics in Islam is derived from the Qur'an and Sunnah. It should be mentioned that in a manner similar to Weberian Protestantism, Islam provides the ideological foundation for a variety of personal attributes whereby it can promote economic development (Ali, 1992).

Mitra Hadisi noted Najjar (1992) emphasizes that Egyptians and other Middle Eastern people perceive capitalism and socialism as the cause of rapid deterioration of the quality of Islamic life, however, not much is known about Islamic work ethics (IWE). To date, there are only a few researches that have taken IWE into their consideration (Ali, 1988, 1992; Ali & Al-Kazemi, 2007; Rahman, Mohammad, & Othman, 2006; Yousef, 2000, 2001).

Since Max Weber treatise (1958) on protestant ethic the issue of productivity and economic development and their relation to religion beliefs have attained ever increasing popularity. Most discussion of this topic, however have been concerned with Christian ethic. Despite the fact there are many religion and ethic group had achieved prosperity and tremendous achievement during part of their history. Their

contribution have been almost totally ignored in management literature (Ali, 1987). Islamic principles completely cover all aspects of life including working in an organization. In the past two decade Islamic Work Ethic has been interest for researchers studying employee's attitude and behavior in muslim society. Research in this topic has gained momentum when Arslan (2000; 2001) challenged the claim of Max Webber protestant work ethic theory by providing empirical evidence that protestant work ethic were only limited to non-western society and had little influence on the other culture (Usman et al, 2015) . These was became important for Islamic movement, to showed up that islam orientation not only merely about peace and preparing afterlife but completely cover all aspect of human life. To sturdy the previous research and found about this topic, and also in response to the significant need to study IWE and the workplace outcomes in non-western environment it necessary to conduct the next research about IWE.

Just as PWE contributed to the economic development of the Western societies (Weber, 1930/2002) Islamic ethics succeed in the expansion of Islamic empire and taking the Muslim societies to the golden ages in the eighth until fourteenth century (Ali, 2005). Ali (1992) observes that Islam has provided the ideological foundation for a variety of personal attributes that promote economic development (Ali, 1992). The Islamic work ethic (IWE) guides Muslims attitude and behavior in the workplace and contributes to the welfare of the societies.

This research is one of my effort to supporting Islam my religion Allah promising he will support everyone who support him mentioned in Al-qur'an Chapter 22 verse 40 (Al-Hajj – 40)

وَلَيَنْصُرَنَّ اللَّهُ مَن يَنْصُرُهُ ۗ إِنَّ اللَّهَ لَقَوِيٌّ عَزِيزٌ ﴿٤٠﴾

“...And Allah will surely support those who support Him. Indeed, Allah is Powerful and Exalted in Might”

It is necessity for us as a muslim to support Allah by support Islam . this research also purpose to refute all of kind of discredit opinion about islam especially concerning work and work ethic.

Indonesia is a country with largest population of muslim with a multicultural society, hence it is a perfect spot setting for performing and reporting such study. Regarding topic of Islamic work ethic result of the study by Mohamed et al (2010) suggested that Islamic work ethic (IWE) has positive effect on organizational commitment . Study by Yousef (2001) still in line with the finding confirmed that IWE has positive impact on organizational commitment. Rokhman (2010) conducted study to Indonesian employee reported the support finding IWE has positive effect on organizational commitment. And some researchers also found the same result of these. It ought to be strongly historical research where the same study about IWE regarding the effect on organizational commitment. However most of all the previous study above tested on public sector services, and banking sector.

In respond of background above I would like to try test the similar study Islamic Work Ethic (IWE) on organizational commitment to different organization . out of banking sector, public service sector that is factory sector. PT. Buana Tirta Anugrah is a mineral water factory. Placed in Bogor West Java Indonesia. Buana Tirta Abadi started the business with CITRA BAS as main product brand, it is packed in bottle and cup. But now day they also concern in custom work with difference famous mineral water brands such as VIT, PRIM-A, and CLUB. In the history the factory has no record regarding Islamic area. Hence it is interesting spot to conduct these study, especially to see how the Islamic work ethic play the role here.

Hundreds employees are spread out around some branch factory . About one hundred and fifty of them placed in Bogor branch as center source of mineral water . Considering the large number of employees and the researcher limitation, this study will bordered as proper. Researcher will select all of employees who placed with one hundred and employees involved. Reasonable number of employees to conduct a census research study. At least the research spot is qualified as out of banking and public service sector. Thus the result of study can be useful in purpose to generalizable the impact of Islamic work Ethic on organizational commitment.

Along with the study influence of IWE on organizational commitment this paper also complete with another dependent variable such as turnover intention. According Usman et al (2015) suggested future research for Islamic Work Ethic on turn over intention. The previous research conduted by Rokhman (2010) tested on

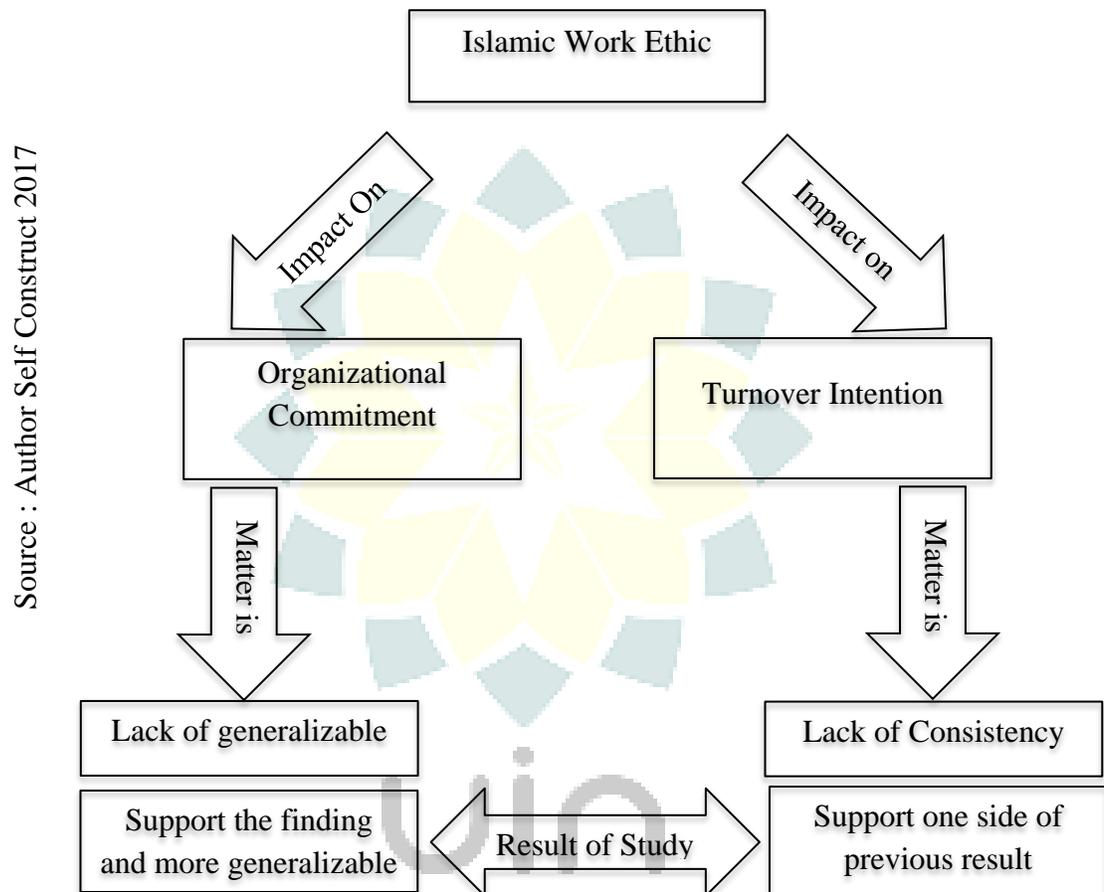
microfinance in Demak Central Java Indonesia reported that there was no significant impact of IWE on turnover intention as well. Three years afterward Sadozai et al (2013) collected data from public sector in Pakistan and found there was a significant negative impact of Islamic work ethic on turnover intention. Another interesting result confirmed in the year Khan et al (2013) also reported negative effect of Islamic Work ethic on turnover Intention.

Base on previous research discuss above found the lack of consistent result of the Effect Islamic Work Ethic on Turnover Intention in previous literature. To generalize the result it is necessity to conduct similar study. Regarding this issue it was interested me to do that topic research in my paper.



Here is I provide the figure of research paradigm to describing how I see this research issue :

**Figure 1. Research Paradigm**



Based on all the phenomenon and empirical theory background above I intend to conduct a research concerning Islamic Work Ethic effect on organizational commitment and turnover intention. I aim to purpose entitled my paper "INFLUENCE OF ISLAMIC WORK ETHIC ON ORGANIZATIONAL COMMITMENT AND TURNOVER INTENTION".

## **B. Problem Statement**

Most of studies related to work ethics are originated from USA and Europe. A few number of researches are carried out in non-western work environment, and studies concerning to IWE and its inference in work place are very rare (farrukh, 2015). Nizam et al (2016) noted that Organization with high organizational commitment has a stable human capital and is at the competitive advantage. For many organization employee turnover is a key concern because of the time and money involved in addressing this issue, among other factor (Singh, 2010).

As compared to the other type of work ethics, Islamic Work Ethics (IWE) does not receive so much attention in the literature. This is not surprising as other type of work ethics such as Protestant Work Ethics have been dominated by the western scholars. The first research on IWE by Ali had triggered much attention to the respective scholars in the field to study ethics and diverting their intention from non-Islamic work ethics which was dominated by Protestant Work Ethics. (Khadijah, 2015)

The comparative studies between IWE and non-Islamic work ethics indicated interesting findings. A study on Protestant Work Ethics practices among the British and Turkish managers found that Turkish manager, the proxy for the Muslim workers outperformed British manager in all scores of Protestant Work Ethics (Salin, 2015).

Reported study by Yousef (2001) concerning the impact Islamic Work Ethic on organizational commitment provided empirical evidence that there was positive correlation. These study also followed by other researchers (Khadijah. 2010; Hayati and chaniago 2013, Qureshi and Shahzad, 2014; etc) and found similarly result. It is also interesting to find out and comparing the impact of IWE on three dimension of Allen and Mayer's organizational commitment, normative, affective and continuance commitment. In order to find the proof that between organization and employees had similar value system, the result should be show high Influence IWE on affective commitment.

While most of turnover intention represent actual turnover. Meanwhile from financial perspective, turnover can be very costly. Thus no surprising that turnover continues to attract the attention of scholars and practitioner.

According explanation above the study addressed to answer some problem questions below :

1. Is there an impact of Islamic Work Ethic on affective commitment?
2. Is there impact Islamic Work Ethic on normative commitment?
3. Is there impact Islamic Work Ethic on continuance commitment?
4. Is there an impact Islamic Work Ethic on Turnover Intention?

### **C. Research Objectives**

The objectives of this study construct based on research questions above, they are :

1. To examine influence of Islamic Work Ethic (IWE) on affective commitment.
2. To examine influence of Islamic Work Ethic (IWE) on normative commitment.
3. To examine influence of Islamic Work Ethic (IWE) on continuance commitment.
4. To examine influence of Islamic Work Ethic on Turnover Intention

### **D. Research Utilities**

1. For Academic Purpose

As complement of human resource management study especially in Islamic Work ethic area. For supporting previous research concerning IWE effect on turnover intention. And generalizable result concerning the effect IWE on organizational Commitment.

2. For Practical Purpose

As an object to consider for design of HRM practices. Thus, can create better HRM system for better achievement in the future.

### **E. Theoretical Framework**

In this phase will explain the related theory and previous research concerning Influence of Islamic Work Ethic on Organizational Commitment and turnover intention. Here the first section aim to investigate the related theory. Provided in table below :



**Table 1. Theoretical Framework**

Theory	Definition	Dimension	Author	Analyzing
Ethic	<p>the activity of applying moral precept to concrete problems</p> <p>the science of conduct</p> <p>Ethics is a science in a sense that its study represents an intellectual enterprise, a rational enquiry into its subject matter in the hope of gaining acquired knowledge</p>		<p>Wines, (1992) (source: International Journal of Business and Social Science Vol. 3 No. 20)</p> <p>Johnson (1984)</p> <p>Shukri Ahmad &amp; Musa Yusuf (2012) (source: International Journal of Business and Social Science Vol. 3 No. 20)</p>	<p>It is a grand view of ethical theory by wines</p> <p>Johnson and Sukhri Ahmad appraise ethic as a science.</p>

Theory	Definition	Dimension	Author	Analyzing
Islam and work	Islam lays great emphasis on work. Qur'an directs a message to humanity that they should contribute positively to the earth, that is, they should work to make use of what is created for their benefit		Shukri Ahmad & Musa Yusuf (2012) (source: International Journal of Business and Social Science Vol. 3 No. 20)	The only purpose human in this earth is for ibadaah(actualize self to serve the one and only Allah Subhanahu Wata'ala)
Islamic Work Ethic	Work is an obligatory activity and a virtue in light of the need of man and necessity to establish equilibrium in one's individual and social life.	Effort, Teamwork, Accountability , honesty	Abbas Ali (1988) (source : The journal of Social Psychology 128 (5) 575-583)  Kadajah, Kamaludin, Salin (2015) (source: Journal of Islamic business and management Vol 5 No.2 )	It is mean that work is a must duty in islam, not merely important but necessary.  Khadijah et al, split up IWE and four dimension and each scale in 2015

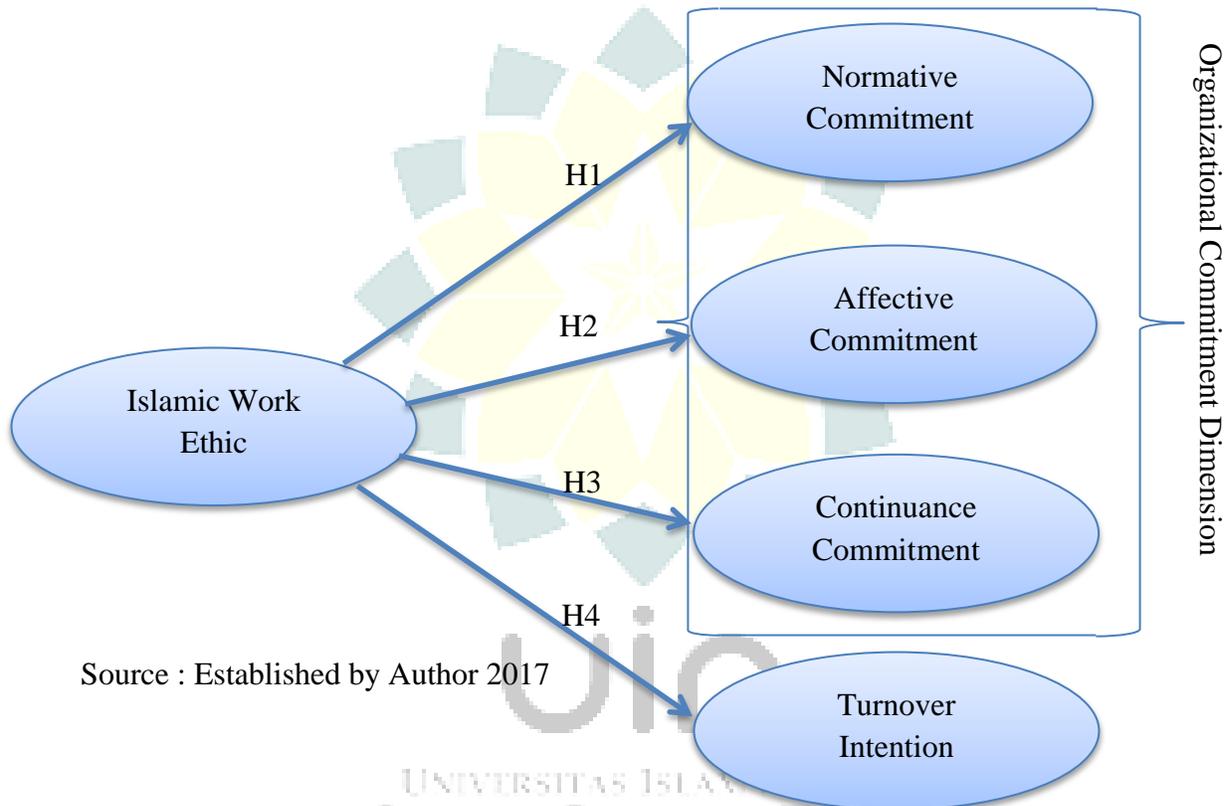
Theory	Definition	Dimension	Author	Analyzing
Organizational Commitment	Attitudinal perspective refers to the psychological attachment or affective commitment formed by an employee in relation to his identification and involvement with the respective organization		Porter, Steers, Mowday & Boulian, (1974) (source: Journal of Vocational Behavior, 14, 224-47) Source: American Society for Quality)	Porter, observe Organizational Commitment as a single dimension
	organizational commitment is a psychological state that characterizes organizational members' relationship with the organization and has implications for the decision to continue or discontinue membership in the organization	Normative Commitment Affective Commitment Continuance Commitment	Meyer & Allen, (1997) (source: The Icfai Journal of Organizational Behavior, Vol. VI, No. 4, 20078)	Meyer and Allen observe organizational commitment as 3 dimension and this theory will use in the research

Theory	Definition	Dimension	Author	Analyzing
Turnover	<p>individual movement across the membership boundary of an organization.</p> <p>The concept “individual” refers to the employees within an organization and the notion of movement can be interpreted either as an accession or a separation of the company</p>		<p>Price, (2001)</p> <p>Morrell et. al, (2001)</p>	Turnover is individual behavioral dimension

Theory	Definition	Dimension	Author	Analyzing
Turnover Intention	<p>the (subjective) probability that an individual will change his or her job within a certain time period</p> <p>framework of planned behaviour, to leave the employ of the organization.</p> <p>the conscious and deliberate willfulness to leave the organization.</p> <p>the extent to which an employee plans to leave the organization</p>		<p>Sousa-Poza&amp;Henneberger, (2002)</p> <p>Ajzen's (1975)</p> <p>Tett and Meyer (1993)</p> <p>Lacity, Lyer and Rudramuniyaiah (2008)</p>	<p>Turnover intention is a individual attitude, Sousa named it subjective probability, Ajzen mention as planned behavior, Tett call it as Willfullness</p>

For the purpose of this study, Author also Provide the figure of research model below:

**Figure 2. Research Model**



Source : Established by Author 2017

## **F. Research Hypothesis**

Base on theoretical Framework above here are the list of research hypotheses

### **Hypothesis 1**

Islamic Work Ethic has a positive impact on Affective Commitment

### **Hypothesis 2**

There is a positive impact of Islamic Work Ethic on Normative Commitment

### **Hypothesis 3**

Islamic Work Ethic has a positive impact on Continuance Commitment

### **Hypothesis 4**

There is a positive impact of Islamic Work Ethic on Turnover Intention

