The Effect Of Islamic Work Ethics on Organizational Commitment, Job Satisfaction And Turnover Intentions of Islamic Microfinance in Pekalongan

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Abstract

The purpose of this research is to analyze the effect of Islamic work ethics on job satisfaction, turnover intentions and organizational commitment and its three dimensions: affective commitment, continuance commitment and normative commitment. This method of analysis used a simple regression to determine the relationship of independent variables and dependent variables. The analysis used descriptive analysis to present the main characteristic of the samples. Islamic work ethic used instrument developed by Ali, job satisfaction was measured by Dubinsky and Harley’s instruments, organizational commitment used instrument by Bozeman, Perrewe, Meyer and the turnover intentions adapted by previous research, Hom and Griffeth. The collected data was tabulated and analyzed using software Statistical Package for the Social Sciences (SPSS)16.0. This research selects 10 Islamic microfinances in Pekalongan city. Results show that Islamic Work Ethic is positive significant related to job satisfaction, affective commitment, continuance commitment, normative commitment, and negative influence related to turnover intention variable. From this research, the application of Islamic Work Ethics was a solution to job satisfaction and organizational commitment and less contributes to turnover intention.

Keywords:
Islamic Work Ethic, Job Satisfaction, Organizational Commitment, Turnover Intention

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1. Introduction

Islamic ethic is the principle that distinguishes between right and wrong based on Qur’an and Sunnah of Prophet Muhammad SAW. Islamic work ethic shows that work is a way to increase self employment in economic, social and psychological interests to support social responsibility, social welfare and strengthen trust (Ali and Al-Owaihan, 2008). As a large number of researchers argue that in Islamic Work Ethic, work is an obligation and desirable quality in human needs and need to create strength in individuals or social life (Ali and Owaihan, 2008). Rashid dan Ibrahim (2005) state that ethics is the result and outcome of Iman and this has been regulated in Islam. Educated Muslims understand the importance of Islamic Work Ethics especially in the modern era, as part of Islamic thoughts that are useful and appropriate to be applied in every generation.

Islamic work ethic views the purpose of working not as merely completing work, but also to encourage personal growth and social relations (Hayati, 2012: 273). Working in Islam is considered as a good in fulfilling needs and is important to build a balance in human life and social welfare (Ali, 1987: 575). When an individual achieves what is in line with his expectations, he will feel satisfied and feel his work is meaningful. Satisfactory job results will have an impact on individuals to provide their capabilities and want to stay in their organization. This shows that Islamic work ethics can encourage satisfaction, commitment and continuity of work (Yousef, 2001: 153) and the results, can reduce employee turnover.

In general, job performance represents how well an individual can show/ carry out his work. Job performance can be defined as all actions/ behaviors where employees do their jobs with pleasure. Some researchers try to determine how to measure job performance. Mead (1988) states that organizations that show moral direction will plan to produce positive images in the community and form a positive culture of the organization. Barutcugil (2004) argues that organizational ethics will get a number of benefits such as effectiveness, responsible workers, effective communication, and competitive advantage. Jalil et al. (2010) said that Islamic Work Ethics positively impacts on good organizational functions and puts Islamic Work Ethics in the organization’s operations will result a sustainable organizational development, increase customers satisfaction and shown good business representation. Ali and Al-Owaihan (2008) said that the successful achievement of Islamic Work Ethics will lead to better performance and broader adequacy. In addition, many researchers guarantee that Islamic Work Ethic improves the quality and performance of both individuals and organizations (Ahmad, 2011: Ali and Al-Owaihan, 2008: Husin, 2012: Jalil et al. 2010: Kumar and Rose, 2010).

Commitment is the individual expression and reflects the fundamental standard values of individual existence. Allen and Mayer (1990) define organizational commitment as a psychological revelation of an organization in hiring its employees. Commitment can be defined as a pressure that connects individuals to relevant actions to achieve certain targets. Commitment can be seen from employee loyalty in an organization, motivation to achieve organizational goals involves itself in the organization. Meyer and Allen (1990) introduced a three-dimensional model of organizational commitment to simplify the concept of organizational commitment, namely affective commitment, normative commitment and continuance commitment that describes emotional bonds, perceived perceptions and sunk costs that are clear in an organization. According to Jaros (2007), affective commitment is based on the emotional ties built by workers because of positive work experience. Strong affective commitment is a form of worker confidence to stay within an organization. Haar and Spell (2004) state that workers have strong affective commitment because they hope that their individual social needs are met. Continuance commitment is based on the assumption of
Financial change between workers and organizations (Meyer et al. 2002). Continuance commitment explains the strength of individual intentions to keep working for the organization because of a number of investments such as time, effort and friendship that must be sacrificed when leaving the organization. Normative commitment is the feeling of staying in an organization because of an individual's sense of obligation and moral responsibility against the organization. Normative commitment is the result of the process of socialization in organizational culture.

According to Sager et al. (1998: 255), turnover intention reflects the individual desire to leave the organization and seek alternative employment. This is described as the thought of going out, looking for another job, and the desire to leave the organization. Robbins (1996: 18-19), explains that turnover can occur voluntarily (voluntary turnover) or involuntarily (involuntary turnover). Voluntary turnover or quit is the employee's decision to leave the organization voluntarily due to factors of how attractive the current job is, and the availability of other alternative jobs. Conversely, involuntary turnover describes the decision of the employer to stop working relationships and is uncontrollable for employees who experience it. According to Zeffane (1994), the factors that influence the occurrence of turnover come from external and internal, external factors such as the labor market, and internal factors such as work space, wages, work skills, supervision, personal characteristics of employees such as intelligence, attitudes, past times, gender, interests, age and duration of work and individual reactions to their work. Meanwhile, according to Mowday in (Triaryati, 2002), the factors that can influence turnover intentions include job attitude, personality, biodemographic, economic factors, personal factors, job characteristics, rewards systems, supervision, and group relations.

Yousef which examines Islamic work ethics on Muslim employees in the United Arab Emirates with the title "Organizational commitment as a mediator of the relationship between Islamic work ethics and attitudes toward organizational change". This study uses Islamic Work Ethics variables, organizational commitment, and attitudes toward organizational change using analysis tools such as Path Analysis. The results of path analysis indicate that Islamic work ethics have a positive influence on commitment and job satisfaction, and are moderators of the relationship between them. So, the more individuals have a high commitment to Islamic work ethics (emphasizing hard work, dedication to work, cooperation), the higher perceived job satisfaction, and the stronger the commitment to the organization they have.

Hayati (2012: 272-277) in "Islamic Work Ethic: The Role of Intrinsic Motivation, Job Satisfaction, Organizational Commitment and Job Performance" also examined Islamic work ethics and its relation to intrinsic motivation, job satisfaction, organizational commitment, and performance. As a result, Islamic work ethics has a greater influence on intrinsic motivation and organizational commitment, compared to the effect on job satisfaction and performance. So, the Islamic principle that is trusted by the individual will be embedded into intrinsic motivation in him, and this intrinsic motivation has the strongest influence on achieving individual job satisfaction.

Furthermore, Rokhman (2010: 21-27) in his research entitled "The Effect of Islamic Work Ethics on Work Outcomes" analyze using instrument from Ali (1992: 507-519) that there is a positive and significant influence between Islamic work ethics on job satisfaction and commitment, but not significantly on turnover intention. This research states that Islamic work ethics is very important and has a strong influence on job satisfaction and organizational commitment.

Another of previous study that investigated the relationship between Nik, et al, (2004)
investigated the relationships between Islamic work ethics and organizational commitment. Organizational commitment consists of three dimensions: affective, continuance and normative commitments. The study samples came from 227 employees from several branches of the local bank. The results show that these dimensions have direct, positive and significant effects with Islamic work ethics. Specifically, affective commitments have a high correlation with the latter than continuance or normative commitment.

Another study that discussed Islamic work ethics was also carried out by Salem (2012: 64-78) in "The Effects of Islamic Individuals' Ethics on Organizational Commitments of Employees in Libyan Public Banks". This study uses variables of Islamic work ethics, affective commitment, continuance commitment, continuous commitment and demographic characteristics using a questionnaire instrument made by Yousef (2000: 513-537). The research was aimed at employees of public banks in Libya. The results of the regression analysis show that the influence of ethical positive Islamic individuals with a level of confidence of 0.05. The results of this assessment indicate that individual Islamic ethics have a positive influence on affective commitment, continuous commitment and normative commitment.

The concept of Islamic work ethics on job satisfaction, organizational commitment and turnover is not limited to literature and research only, but also need to be applied by Islamic Microfinance Institutions. Therefore, this study seeks to analyze the influence of Islamic work ethics on organizational commitment, job satisfaction and turnover intention in Islamic Microfinance Institutions (LKMS) in Pekalongan, Indonesia.

2. Research Method

2.1. Samples

The type of data used in this study are primary data and secondary data. Data collection is done through a questionnaire with Islamic Microfinance Institutions in Pekalongan City. 10 Sharia Microfinance Institutions were selected for this study. The 60 questionnaires distributed, there were 53 questionnaires collected (88 percent) but only 49 answers could be used for further analysis.

2.2. Variable Measurement

This research is quantitative research method where the research data in the form of Ali (1992 numbers and analysis using statistics. Islamic work ethics used instruments developed by: 512). Job satisfaction used the Dubinsky and Harley instruments (1986: 40-41). While organizational commitment used a questionnaire instrument developed by Meyer and Allen (1990: 6-8) and turnover intentions adapted from previous research (Hom and Griffeth, 1991: 350-366). The scale of points used is from a scale of 1 (strongly disagree) to 5 (strongly agree).

The collected data was analyzed using Statistical Package for the Social Sciences (SPSS) 16.0. While secondary data is obtained from journals, articles, previous research and information from various national and international publications relating to Islamic work ethics and related topics. The analysis used descriptive statistics such as frequency and percentage that show the main characteristics of the sample. To analyze hypotheses, this study used simple regression analysis as the main analytical method. From the analysis technique, it can be seen the influence of Islamic work ethics on organizational commitment, job satisfaction and turnover intentions of Islamic Microfinance Institutions (LKMS) in Pekalongan.
3. Results and Discussions

3.1. Test Validity

Based on the results of the test validity of the Islamic Work Ethics instrument, Organizational Commitment consist of Affective Commitment, Normative Commitment and Continuous Commitment, and turnover intention for each statement item using the Pearson Correlation method using SPSS software, show that product moment correlation value ($r_{calculated}$) for each item the question is greater than the $r_{table}$ value with a significance level of 5%. So that it can be concluded that the items of the statement are valid and can be used as research instruments.

3.2. Test Reliability

The results of test reliability for all research variables are shown in the table below:

<table>
<thead>
<tr>
<th>No</th>
<th>Variable</th>
<th>Alpha Cronbach</th>
<th>Criteria</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Islamic Work Ethic</td>
<td>0.923</td>
<td>0.7</td>
<td>Reliable</td>
</tr>
<tr>
<td>2.</td>
<td>Affective Commitment</td>
<td>0.844</td>
<td>0.7</td>
<td>Reliable</td>
</tr>
<tr>
<td>3.</td>
<td>Normative Commitment</td>
<td>0.828</td>
<td>0.7</td>
<td>Reliable</td>
</tr>
<tr>
<td>4.</td>
<td>Continuance Commitment</td>
<td>0.822</td>
<td>0.7</td>
<td>Reliable</td>
</tr>
<tr>
<td>5.</td>
<td>Job Satisfaction</td>
<td>0.807</td>
<td>0.7</td>
<td>Reliable</td>
</tr>
<tr>
<td>6.</td>
<td>Turnover Intention</td>
<td>0.713</td>
<td>0.7</td>
<td>Reliable</td>
</tr>
</tbody>
</table>

Based on Table 1, the Alpha Cronbach values obtained from all variables were greater than 0.7. Therefore it can be concluded that the answers from respondents to these variables are reliable so that the research instruments can be used for further research.

3.3. Analysis and Discussion of Hypothesis Test

Hypothesis test used simple regression. The results of data processing using the SPSS 15.0 software program are shown in the table below:

<table>
<thead>
<tr>
<th>Variable</th>
<th>$R$</th>
<th>$R_{square}$</th>
<th>$R_{table}$</th>
<th>$T_{calculated}$</th>
<th>$T_{table}$</th>
<th>Coef.</th>
<th>Const.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Islamic Work Ethic on Job Satisfaction</td>
<td>0.829</td>
<td>0.688</td>
<td>0.281</td>
<td>10.172</td>
<td>0.67975</td>
<td>0.173</td>
<td>0.130</td>
</tr>
<tr>
<td>Islamic Work Ethic on Affective Commitment</td>
<td>0.816</td>
<td>0.667</td>
<td>0.281</td>
<td>9.692</td>
<td>0.67975</td>
<td>0.442</td>
<td>1.487</td>
</tr>
<tr>
<td>Islamic Work Ethic on Continuance Commitment</td>
<td>0.952</td>
<td>0.905</td>
<td>0.281</td>
<td>21.210</td>
<td>0.67975</td>
<td>0.516</td>
<td>-2.563</td>
</tr>
<tr>
<td>Islamic Work Ethic on Normative Commitment</td>
<td>0.920</td>
<td>0.846</td>
<td>0.281</td>
<td>16.056</td>
<td>0.67975</td>
<td>0.453</td>
<td>0.470</td>
</tr>
<tr>
<td>Islamic Work Ethic on Turnover Intention</td>
<td>0.683</td>
<td>0.466</td>
<td>0.281</td>
<td>-6.411</td>
<td>0.67975</td>
<td>-17.563</td>
<td>0.172</td>
</tr>
</tbody>
</table>
Turnover Intentions

From the calculation data above shows there is a positive relationship between Islamic Work Ethics and LKMS Job Satisfaction in Pekalongan. Associated with seeing the price of $r_{\text{calculated}} (0.829)$ which is greater than $r_{\text{table}} (0.281)$. In addition, where $t_{\text{calculated}} (10.172)$ is greater than the price of $t_{\text{table}} (0.67975)$. Therefore $H_{1a}$ accepted is a positive relationship between Islamic Work Ethics on LKMS Job Satisfaction in Pekalongan. The $r_{\text{square}}$ determination coefficient is 0.688 which means that 68.8% of changes in the Job Satisfaction variable ($Y_1$) can be explained by Islamic Work Ethics ($X_1$). The regression line equation for the Islamic Work Ethics of Job Satisfaction LKMS in Pekalongan can be agreed with $Y_1 = 0.173X_1 + 0.130$. The equation shows the coefficient value of $X_1$ of 0.130, which means that the assessment of Islamic Work Ethics increased by 1 point so Job Satisfaction would increase by 0.173 points. From the results of hypothesis 1 testing it shows a positive relationship with the Ethics of Islamic Work with LKMS Job Satisfaction in Pekalongan.

Then there is a positive relationship between Islamic Work Ethics and LKMS Affective Commitments in LKMS Pekalongan. This indicated by the price of $r_{\text{calculated}} (0.816)$ which is greater than $r_{\text{table}} (0.281)$. In addition, where $t_{\text{calculated}} (9.692)$ is greater than the price of $t_{\text{table}} (0.67975)$. Therefore $H_{1a}$ is accepted, namely there is a positive relationship between Islamic Work Ethics on Affective Commitments in LKMS Pekalongan. The coefficient of determination of $r_{\text{square}}$ is 0.667 which means that 66.7% of changes in the variable Affective Commitment ($Y_2$) can be explained by the Islamic Work Ethic ($X_2$). The equation of the regression line influences the Ethics of Islamic Work on LKMS Affective Commitments in Pekalongan can be expressed with $Y_2 = 0.442X_2 + 1,487$. This equation shows that the $X_2$ coefficient value is 1.487 which means that if the Islamic Work Ethic increases by 1 point then the Affective Commitment will increase by 0.442 points. From the results of hypothesis 2 testing, it shows that there is a positive relationship between Islamic Work Ethics and Affective Commitment in LKMS Pekalongan.

There is a positive relationship between the Islamic Work Ethics and Continuance Commitment in LKMS Pekalongan. This is indicated by looking at the price of $r_{\text{calculated}} (0.952)$ which is greater than $r_{\text{table}} (0.281)$. In addition, where $t_{\text{calculated}} (21.210)$ is greater than the price of $t_{\text{table}} (0.67975)$. Therefore $H_{3a}$ is accepted, namely there is a positive relationship between Islamic Work Ethics on Continuance Commitment in LKMS Pekalongan. The $r_{\text{square}}$ determination coefficient is 0.952 which means that 95.2% changes in the Continuance Commitment variable ($Y_3$) can be explained by Islamic Work Ethics ($X_3$). The regression line equation influences Islamic Work Ethics on Commitment Continuous LKMS in Pekalongan can be expressed as $Y_3 = 0.516X_3 - 2.563$. The equation shows that the $X_3$ coefficient value is -2.563 which means that if the Islamic Work Ethic increases by 1 point then the Continuance Commitment will increase by 0.516 points. From the results of the hypothesis 3 test, it shows that there is a positive relationship between the Islamic Work Ethics and the Continuous Commitment in LKMS Pekalongan.

From the calculation data above shows that there is a positive relationship between Islamic Work Ethics and the Normative Commitment in LKMS Pekalongan. This is indicated by the price of $r_{\text{count}} (0.920)$, which is greater than $r_{\text{table}} (0.281)$. Also by looking at the t price, where $t_{\text{count}} (16.056)$ is greater than the price of $t_{\text{table}} (0.67975)$. Therefore $H_{4a}$ is accepted, there is a positive relationship between Islamic Work Ethics on Continuous Commitment in LKMS Pekalongan. The $r_{\text{square}}$ determination coefficient is 0.846, which means that 84.6% of the changes in the Normative Commitment ($Y_4$) variable can be explained by Islamic Work Ethics.
Ethics \( (X_4) \). The equation of the regression line influence the Ethics of Islamic Work on the Normative Commitment of LKMS in Pekalongan can be expressed with \( Y_4 = 0.453X4 + 0.470 \). This equation shows that the \( X_4 \) coefficient value is 0.470, which means that if the Islamic Work Ethic increases by 1 point then the Normative Commitment will increase by 0.453 points. From the results of hypothesis 4 testing, it shows that there is a positive relationship between Islamic Work Ethics and the Normative Commitment in LKMS Pekalongan.

Whereas the influence between Islamic Work Ethics and Turnover Intention shows a negative influence. This is indicated by the price of \( r_{\text{count}} \) (0.683) which is greater than \( r_{\text{table}} \) (0.281). Besides, by looking at the price of \( t \), where \( t_{\text{count}} (-6.411) \) is smaller than the price of \( t_{\text{table}} (-0.67975) \). Therefore \( H_{5a} \) is accepted, namely, there is a relationship between the Islamic Work Ethics on the Continuous Commitment in LKMS Pekalongan. The \( r_{\text{square}} \) determination coefficient of 0.466 means that 46.6% of changes in the Continuous Commitment variable \( (Y_5) \) can be explained by Islamic Work Ethics \( (X_5) \). The regression line equation influences Islamic Work Ethics on Commitment continuity in LKMS Pekalongan can be expressed with \( Y_5 = -17.563X5 + 1.0170 \). The equation shows that the coefficient value of \( X_5 \) is as big as that means if the Islamic Work Ethic increases by 1 point then Turnover Intention will decrease by 17,563 points. From the results of the hypothesis 5 test, it shows that there is a negative relationship between Islamic Work Ethics and Turnover Intention in LKMS Pekalongan.

4. Conclusion

Based on the analysis of the processing of collected data, conclusions can be drawn regarding the variable influence of Islamic Work Ethics which is an independent variable on organizational commitment (affective commitment, continuous commitment, and normative commitment), job satisfaction and intense turnover as follows:

1. The first hypothesis test shows that there are positive and significant variables of Islamic Work Ethics on job satisfaction. This explains that the higher the application of Islamic Work Ethics of employees in LKMS Pekalongan, the job satisfaction will increase.
2. Second hypothesis test shows that there are positive and significant variable of Islamic Work Ethics on affective commitment. This explains that the higher the application of Islamic Work Ethics to employees in LKMS Pekalongan, the affective commitment increases.
3. Third hypothesis test shows that there are positive and significant variable of Islamic Work Ethics on affective commitment. This explains that the higher the application of Islamic Work Ethics to employees in LKMS Pekalongan, the affective commitment increases.
4. The Fourth hypothesis test shows that there are positive and significant variable Islamic Work Ethics on continuous commitment. This explains that the higher the application of Islamic Work Ethics to employees in LKMS Pekalongan, the affective commitment increases.
5. The fifth hypothesis test shows that there are positive and significant effects of variable Islamic Work Ethics on normative commitment. This explains that the higher the application of Islamic work ethics to employees in LKMS Pekalongan, the affective commitment increases.
6. The sixth hypothesis test shows that there are negative and significant influence on the variable Islamic Work Ethics on intense turnover. This explains that the higher the application of Islamic Work Ethics to employees in LKMS Pekalongan, the higher the turnover intention.
From the results of this research, it can be seen that the Islamic Work Ethics of employees in LKMS Pekalongan can improve job satisfaction, organizational commitment (affective commitment, continuous commitment, and normative commitment), and turnover intentions significantly.

This research shows that Islamic Work Ethics has a positive and significant effect on job satisfaction. Islam is a theological impulse that teaches character education that will affect satisfaction in work. Three important and influential things are the social aspects that are applied in organizational life, justice and humility and involvement in economic activities. This research also found that Islamic Work Ethics will significantly affect intense turnover. This means that the application of Islamic Work Ethics to employees in LKMS Pekalongan will reduce the desire to move to another place.

In this research proves that the application of Islamic Work Ethics also increases the organizational commitment of employees in LKMS Pekalongan both affective commitment, continuous commitment and normative commitment. Increasing the affective commitment of employees in LKMS Pekalongan will have implications for the reduced intense turnover and motivation of employees to make meaningful contributions to the organization. Increased continuous commitment will have implications for psychological, physical health and career path so that these employees have physical and psychological prosperity. Increasing normative commitment will have consequences on employee productivity such as employee attendance, performance, and ownership of obligations and duties.

Therefore to improve job satisfaction, organizational commitment and reduce intense turnover, the Islamic Work Ethics can be one of the focus of solutions that can be applied to LKMS in Pekalongan. Suggestions regarding the methods used to improve the Islamic Work Ethics in LKMS in Pekalongan are as follows:

1. Applying the values of Islamic Work Ethics as part of the corporate culture. If there is a culture that is not following Islamic values, it can be considered to replace, so that the culture is adapted to the values of the Islamic Work Ethics.

2. Applying Islamic Work Ethics as an indicator in measuring employee performance and development. The values contained in Islamic Work Ethics are universal which can be applied to everyone. The value of Islamic Work Ethics can be done to evaluate employee performance. If there are employees who apply the Islamic Work Ethics, then LKMS provides appreciation in form of promotions or rewards. The company also provides opportunities and facilities for employees to improve the value of the Islamic Work Ethic in themselves. Increasing the value of Islamic Work Ethics such as providing time for employees to pray on time, places of worship and facilities and infrastructure such as a library containing Islamic readings.

3. Consideration for recruiting employees. The character of prospective employees who have the value of Islamic Work Ethics is considered as an added value because this reflects high job satisfaction, good organizational commitment and low willingness to move to other places.
References


