

Islamic Work Ethics (IWE): A New Management Paradigma for Improving Business Performance

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ABSTRACT

This paper aims to identify and describe Islamic Works Ethics (IWE) as a management approach in achieving competitive advantage, which is carried out through mapping previous studies on the IWE role, IWE aspects and understanding its relationship with company performance, innovation and human behavior, under mainstream assumptions of human resource management and strategic management. Primary sources from the archives of several papers such as published journal articles, books and or book chapters, as well as secondary sources, namely IWE material such as the results of research conducted by previous researchers. Islamic Work Ethics (IWE) is a potential role model for improvising organizational performance in many industries such as services, banking, manufacturing, education, etc., which appears as a form of corporate effort in the context of managing employee behavior through work ethics. This paper describes the mapping of Islamic Work Ethics (IWE) in the implications of the relationship with employee behavior and employee performance, which can be optimal despite different countries, sectors and even organizations. The use of current logic to identify IWE factors and their relationship with company performance, companies need to do to deal with the consequences of IWE and the effectiveness of the formulation of its application. Extent of the scope of exposure regarding the role and influence of IWE, in cross-industry, state, and exploration of issues related to IWE.

Keywords: Islamic Work Ethics, Business Performance, Human Behavior, Innovation Capability

INTRODUCTION

In the research literature on work ethics and the factors that are connected to it in many companies, there has been substantial attention. Some countries and organizations in different regions have experienced and still survive from ethical damage. Furthermore, it has been proven that many organizations have begun to collapse due to unethical behavior in the workplace (Abdi et al., 2014). Islamic Work Ethics (IWE) and organizational performance

are closely related today and their dependence has been verified by several previous studies such as Yesil et al (2011), Abbasi et al (2012), and Rafiki and Wahab (2014).

Ethical management in making company decisions can improve strategic development and implementation, which in turn optimizes company profits. Islamic Work Ethics (IWE) can bring strong ethical leadership in an organization so that it becomes a role model for people in it regarding professional abilities and personal character which then creates a conducive environment for business performance. Islamic Work Ethics (IWE) positively influences Managerial Performance (MP) through Management by Example (MBE) to achieve organizational financial goals (Abbasi et al., 2008).

However, studies that clarify the importance of IWE for companies are still relatively small. Human Management, Employee Behavior, Job Satisfaction, Organizational Commitment, Turnover, and Organization Citizen Behavior (OCB) are a number of important issues that can be linked to the implementation of IWE in the company. Including literature review, empirical studies on IWE, and IWE related issues.

LITERATURE REVIEW

Every culture has unique and certain conditions that can affect a person's life. Especially culture with a religious background that has more impact on ethical behavior and thoughts (Porter, 2010).

Islam is a complete handle on life including work ethics based on the direction of the Qur'an and Sunnah where honesty and justice in the workplace are the basis of the principle of Islamic Work Ethics (IWE). As a basis for work, someone can only achieve success or failure in life depending on the willingness to work hard, because when active productivity will lead to productivity and self-satisfaction. The environment raised by workers in the workplace directly impacts on the learning of other workers and their behavior in doing work. If all workers work positively in achieving organizational goals then it leads to innovation and performance improvement. IWE is not only the best solution for life but also business needs for its level of activity (Abbasi et al., 2012).

Ethics is a direction that people follow in their decision-making process and create a feeling of comfort and a better response to society. The ethical significance is found in the main acceptance criteria for good organizational performance, through self-positions, standards, conventions or self-states of each individual or worker. (Begum, 2015). Ethics is knowledge about intelligence and freedom whose ends reflect intellectual actions (Abdi et al., 2014). According to Risk (2008), the ethical environment is explored on several levels:

- the macro / professional level, which focuses on ethical truths in the system;
- the corporate level, with reference to decisions that affect others;
- the level of the individual, with a meaningful identity.

When macro and identity conditions are directed at creating a favorable climate and impacting on making ethical decisions, a person becomes responsible for that decision.

Muslim researchers have discovered the importance of Islamic Work Ethics (IWE) in the modern era, as part of Islamic thought that is beneficial for every generation. It becomes increasingly important as ethics is a moral principle that individuals in the decision-making process.

Islamic Work Ethics (IWE)

Islamic Work Ethics (IWE) is a parallel concept of "Civilization of Islam" which emphasizes cooperation in work, and consultation is accepted as a technique to match one's needs and build a balance of one's social and individual life. Implications work ethic reflects the attitudes of the individual in favor of the success of the organization that it is extensively

investigated and are expected to bring new thinking on leadership and organizational management (Abbasi, et al., 2012).

Businesses that are experiencing globalization will face many problems and ethics, one of which impacts on organizational performance, profits and losses and even the survival of the company. The fact shows that there are companies that deal with unethical issues and affect public perceptions of the company. So that leads to large losses that continue to bankruptcy, for example, companies in the West and Pakistan (Shafique et al., 2015).

The concept of Islamic Work Ethics (IWE) comes from the authenticity of the Qur'an, sayings, and practices of Prophet Muhammad Sallallahu 'Alaihisalam, where Qur'an is often talked about the honesty and fairness of the transaction and it is related to balance and equitable distribution of the welfare society. Al Qur'an also includes human direction to have the expertise, technology and high enthusiasm in earning a living, which means this refers to resistance to laziness and waste of time for unproductive activities (Yousef, 2001).

The Islamic Work Ethics (IWE) is work oriented with rooted in the principles of Islamic sharia. Since work ethics have proven to have a significant influence on individual and organizational output, it helps to understand the concept that individual perceptions of work ethics result from faith beliefs in values (Abdi, et al., 2014). Based on the Qur'an, and the words of Prophet Muhammad Sallallahu 'Alaihisalam, Yousef (2001) summarizes some of the principles of Islamic Work Ethics (IWE) as follows:

- Hard work
- Honesty and fairness of transactions
- Fair balance and distribution of people's welfare
- Referral of humans to have expertise and technology
- Dedication of work
- Emphasis on creative work as a source of happiness and completeness
- Life does not work does not mean and business on economic activity is an investment

Sehhat et al. (2012) suggested the existence of several IWE components, namely:

1. Sincerity (Al-Ikhlas), Al-Qur'an 39 : 14
2. Proficiency (Al-Ihsan), Al-Qur'an 28 : 77
3. Justice (Al-'Adl), Al-Qur'an 16 : 90
4. Truthfulness (As-Sidq), Al-Qur'an 32 : 24
5. Patience (As-Sabr), Al-Qur'an 6 : 164
6. Proficiency (Al-Ihsan), Al-Qur'an 28 : 77
7. Promise Keeping (Ifa'ul-'d), Al-Qur'an 17 : 34
8. Moderation (I'tidal), Al-Qur'an 31 : 19

Business Performance

Abuznaid (2009) stated that what was done or not someone can reflect its ethics. The Islamic ethics described in the Qur'an and Sunnah directs Muslim businessmen in several ways, namely:

- Increased effectiveness and efficiency;
- The direction of integrity;
- Termination of Muslim businessmen from theft and fraud;
- Guarding against corruption and abuse of power;
- The direction of better attention to workers and their rights;
- Directions for consistent consultation and cooperation;
- Creation of initiatives;
- Better quality referrals

Islamic ethics is based on rational methods as well as the sound method of rational truth which leads to understanding and appreciation of that truth. It is here that it is said that Islamic Ethics is based on monotheism, or the principle of unity which determines the unique relationship between Allah and humans, humans and humans, and humans and their environment.

In general, job performance refers to the way both individuals perform. Organizations that practice ethical principles in contributing to the achievement of the goals and goodness of the organization, will ensure the welfare of stakeholders and help the welfare of society (Abdi et al., 2014).

Kumar and Rose (2010) emphasize a number of benefits that arise from the application of Islamic Work Ethics (IWE) in organizations such as hard work, commitment, work loyalty, work creativity, cooperation and fair competitiveness in the market. This shows the importance of human resources that build effectiveness, productivity, and work performance. Furthermore, it was said that the Islamic Work Ethics (IWE) had a positive impact on organizational functions where IWE's placement continued the development of the organization, improved customer satisfaction, and better organizational performance. IWE's success leads to better performance and broader welfare. Many researchers have guaranteed that IWE improves the quality and performance of both individuals and organizations (Yesil et al., 2011; Abbasi et al., 2012; Rafiki and Wahab, 2014; Kumar and Rose, 2010).

The findings indicate the clarity of IWE's positive impact on job performance and as a result, organizations need to place IWE in practice to ensure the primacy and sustainability of the organization's success. This statement further demonstrates the better performance of workers on the effect of implementing IWE in organizations (Abdi, 2014).

METHODOLOGY

This paper is exploratory study that try emphasizes the collection of ideas and suggestions, especially to solve the broader problems in order to become narrow and proper. For exploration of Islamic Work Ethic (IWE) as improving business performance, this paper had some steps there are :

- a. Formulating conclusion which founded by literature reviews of last study results about Islamic Work Ethics (IWE) and its relation with organization performance.
- b. Determining the priority for the following research by searching more potential from Islamic Work Ethics (IWE).
- c. Collecting the relevan information about some facts or phenomena of Islamic Work Ethics (IWE) and its link to somes aspect of organization process.
- d. Increasing the opportunity analysis of business performance through implementation of Islamic Work Ethics (IWE).
- e. Explaining a new paradigma management of IWE concepts linked to some aspect of business process for the performance improvisation from the analysis done.

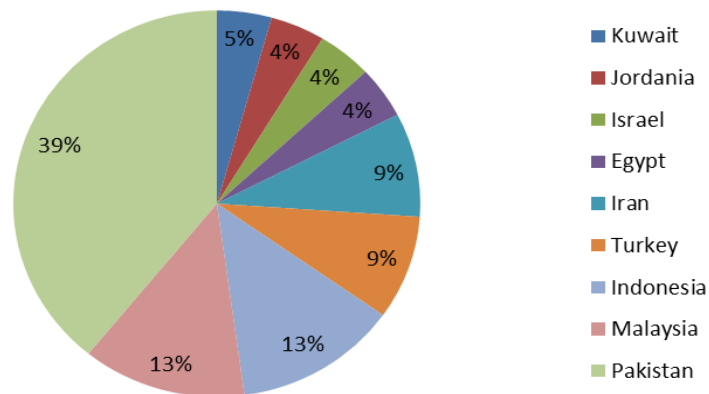
DISCUSSION

Mapping of Empiric Study in Islamic Work Ethics (IWE)

Ethics has been one of the topics of discussion and research in recent years. Although through a number of studies that focus on ethics in the workplace, but unethical practices still continue in organizations such as corruption, theft, lies, and other unethical behavior. The Islamic Work Ethical (IWE) is an important part placed by researchers as a new model of ethical management in the workplace. Using some previous researchs, there is a mapping of

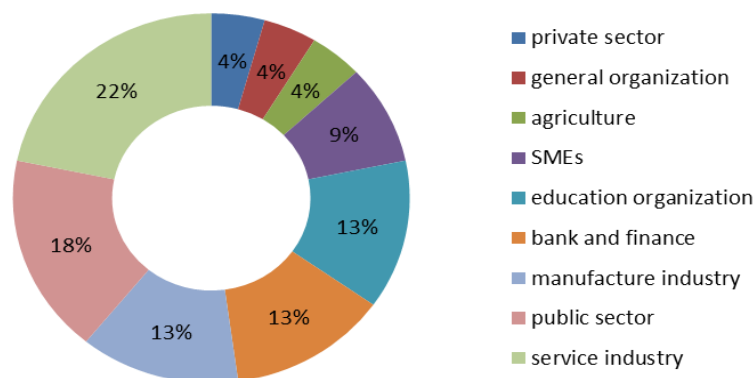
of IWE's research results with the factors connected with it across countries, industry sectors and organizations:

Graph 1: The IWE's Research Across Countries 2007 – 2016



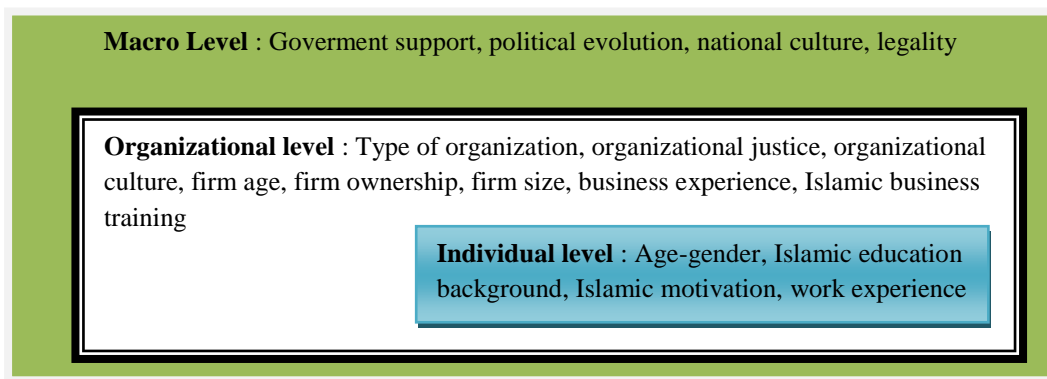
Source : Data processed, 2019

Graph 2: The Field of IWE's Research Across Countries 2007 – 2016



Source: Data processed, 2019

Figure 1: The Factors of IWE's Implementation in Organization



Source: Data processed, 2019

THE LINK OF ISLAMIC WORK ETHICS (IWE) AND BUSINESS PERFORMANCE

IWE and Human Resources

In Islamic teaching, the overall challenge of the assignment is received sincerely and heartily. This is in accordance with the words of the Prophet Muhammad Sallallahu 'Alaihisalam which encouraged every Muslim. When the Islamic era began, knowledge varied and all forms of work and inspiration were privileged, and workers' organizations were formed for both workers' needs and professional quality.

Yousef (2001) verified that Islamic Work Ethics (IWE) supports the implementation of work and organizational loyalty that leads to the good of the organization. Loyal workers will have a high interest in improving the learning environment and creativity. Research on work ethics and its association with individual and organizational factors has become a concentration of literature such as Ali and Al-Owaihah (2008), and Yousef (2001). The results found are important for practitioners in understanding IWE and centralizing work ethics in one's life. IWE is in a significant position as a social and psychological strength for workers to increase the commitment to provide the best services according to government rules.

From this point on, the professionalism of human resources should be understood in the form of individual norms in the workplace and revolutionizing the current value in which one can quickly innovate. Strong values with the spirit of enthusiasm regarding IWE will contribute better to the ability of innovation (Kumar and Rose, 2010).

IWE and Innovation Capability

Increased research occurs in testing the ability of innovation that is claimed as access to business competition. The dynamics of innovation are strengthened by companies to respond to the world of politics, economics, and social revolution as well as modernization (Kumar and Rose, 2010).

Yousef (2001) revealed his findings that workers who work in government organizations get stronger support for the implementation of IWE. Superior work ethics such as IWE bring the power of work to face unexpected challenges. In addition, Kumar and Rose (2010) also found that IWE had an influence on the ability of innovation in the public sector but as a moderator as well. This is due to the many factors that contribute to innovation capabilities such as human capital, internal and external structures. An organization with an internal structure, namely vision, strategy, goals, values, culture and philosophy, as well as stakeholders, public policies and regulations will be useful to reflect on issues related to work ethics.

IWE and Job Satisfaction

According to Shafique et al. (2015), job satisfaction can be used to determine different things such as attitudes, feelings, and the work itself. There are two dimensions of job satisfaction, namely intrinsic and extrinsic. Some people focus on qualitative aspects of job satisfaction such as responsibility, autonomy, and supervision, etc., but others focus on quantitative aspects such as working hours, safety, and bonuses. Job satisfaction has a positive impact on individuals as well as organizational performance. Yousef (2001) states that if you want to know the factors causing a decrease in the level of satisfaction, you must be able to understand the relationship between job satisfaction and Islamic Work Ethics (IWE). His research shows that there is a close relationship between work ethics and job satisfaction. Likewise, the Begum (2015) also proved the positive and significant relationship between IWE and job satisfaction.

IWE and Organization Commitment

Shafique (2015) states that work ethics encourages workers to work hard. Through organizational commitment, a worker feels united with an organization where achieving this organizational commitment is done to help workers and give them value. If the organization supports it, more workers will remain in there.

The research findings indicate a significant positive relationship between IWE and organizational commitment (Begum, 2015). This means that workers who have a high commitment to work in the organization lead to the implementation of IWE (Ali and Al-Kuzaemi, 2010) which can be seen from different indexes of employee loyalty across gender, nationality, management level, and type of sector.

IWE and Turnover Intention

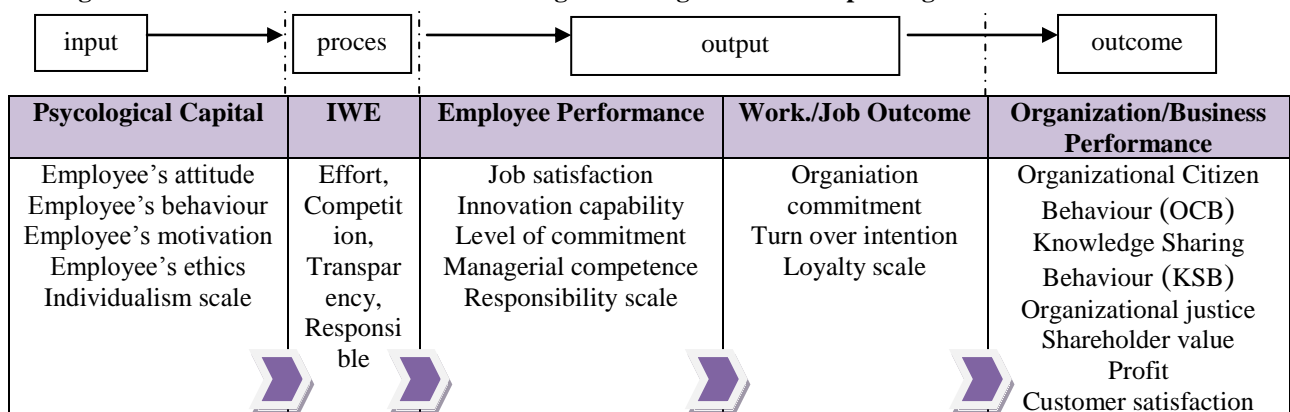
Turnover intention is a behavioral response from workers that raises their plans out of the organization. The thinking of workers regarding organizational justice is an important factor that influences workers' opinions and their decision to seek to leave work. Begum's (2015) study that directed the IWE relationship and turnover intention found a negative relationship between the two. Worker turnover intention occurs more due to age, current salary, and work-related experience. Workers who are strong in IWE at work will have little intention to leave organizations that apply IWE principles.

IWE and Organization Citizen Behaviour (OCB)

Organizational citizenship is a new form of management resulting from modern administrative thinking, where the concept of organizational citizenship exceeds the formal behavior of individuals in other forms of behavior. Organizational Citizenship Behavior (OCB) is voluntary work that is not in the organizational incentive system and this means increased performance, efficiency, and effectiveness. Behavior plays an important role in carrying out work tasks. The researchers found that IWE had an influence on increasing Organizational Citizenship Behavior (OCB) among workers in the public and private sectors (Alhyasat, 2012).

Generally, the link of Islamic Work Ethic (IWE) and business performance that IWE can be positioned as intervening, mediator, or independent variabel as below :

Figure 2: The Frame of IWE as New Paradigma Management For Improving Business Performance



Source: modiflicated from Usman, 2015

CONCLUSION

The mapping of research results in this paper shows that IWE is associated with employee behavior in committing to organizations to improve business performance through the ability of innovation, job satisfaction, and OCB that are controlled by Islamic values. Top management should make a clear list of duties and responsibilities of workers that are tailored to their abilities. Top management should also emphasize the need for Islamic principles in the execution of each task. With the implementation of IWE, organizational commitment and job satisfaction will increase and workers work more energetically, thoroughly and diligently (Begum, 2015). Furthermore, support for the application of IWE is also in line with age, level of education, and work experience (Shafique et al., 2015).

For the next, the perception of Islamic Work Ethics (IWE) should be expanded by adding more variables related to the topic of IWE (Abdi, 2014) such as organizational citizenship behaviors, employee performance, and job stress, etc. Using a larger sample size, and more institutions as a unit of analysis both across geography and time (Begum, 2015).

However, IWE has the capacity to protect someone from organizational pressure, so IWE should play a role as a moderator in the relationship between job-related stressors and work outcomes (Khan et al., 2015). The implementation of IWE is important and necessary for companies to be associated with their role in protecting and increasing the value of shareholders in terms of profit, employee loyalty, and customer satisfaction (El Kot and Burke, 2014).

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