

Application of Islamic Work Ethics and Employee Performance

Rini Lestari*, Nurfahmiyati Nurfahmiyati, Magnaz Lestira Oktaroza, Asyifa Nur Azizah, Liliani Sumarni Pratiwi, M. Rafi Farandhi Lathifiana

Faculty of Economics and Business
Bandung Islamic University
Bandung, Indonesia

*rini.lestari@unisba.ac.id

Abstract—This study is carried out on the background of the prevalence of fraud in Sharia banking institutions due to the poor application of Islamic work ethics evident from the prevalence of cases in which clients' savings are embezzled and fictitious loans are given that cause loan rates to decrease and in the long run cause company performance to deteriorate. This decline of company performance reflects the poor performance of employees caused by the lack of enforcement of Islamic work ethics. This research aims to test the effect of implementing Islamic work ethics towards employee performance in Sharia commercial banks in Bandung city, Indonesia. This research employs a quantitative approach and collects data using a questionnaire. The participants in this research are 104 employees from several Sharia commercial banks in Bandung city, Indonesia. The data is then processed using a simple linear regression analysis. The results of this research shows that the application of Islamic work ethics in Sharia commercial banks has a positive and significant influence towards employee performance. In other words, when Islamic work ethics are implemented well, employees will also perform well and vice versa.

Keywords—employee performance, Islamic work ethics, Sharia commercial banks

I. INTRODUCTION

The decline of Sharia banking finances in the past few years (2018, 2019 up to July 2020) is caused by several problematic financing that kept increasing (6.6 trillion Rupiah up to 7.7 trillion Rupiah) (Financial Services Authority) [1]. The increasing number of these problematic financing reflects the poor performance of employees due to the weak enforcement of Islamic work ethics which is in turn reflected from the prevalent number of fraud done by managers and employees in Sharia banking institutions such as the case of the problematic financing of Rp.1.3 trillion at the Panin Dubai Sharia Bank [2].

In the same year in 2019, there had been a fictional loan of 548 billion Rupiah given to a client of the Sharia Regional Development Bank of West Java and Banten (BJB, for its acronym in Indonesian) [3]. These cases show that the

management of Sharia banks have committed a violation towards the principles of Sharia which finally turns into corruption that can cause losses for Indonesia as a country. The principles of Sharia in banking institutions is reflected through the work ethics of their employees. Meanwhile, the work ethics of a certain institution is not always well implemented. This means that there are still violations of the aforementioned work ethics especially with Islamic work ethics.

Based on researches done by Lestari et al., [4] Lestari, Lestari et al., [5], Nurfahmiyati et al., [6] on Sharia banking institutions, more specifically on the organization culture and the implementation of Islamic work ethics in those institutions, it becomes all the more important for our team to carry out further research on the amount of influence that Islamic work ethics have towards employee performance.

Furthermore, several other researchers have done previous studies about the implementation of Islamic work ethics and its influence towards employee performance such as the one done by Aflah et al., [7] on 220 employees in educational, government and private institutions in Central Java, Indonesia the results of which show that Islamic work ethics do not have a positive or significant influence towards employee performance. Different findings were presented by Siti et al., [8] conducted research on employees at the banking sectors in Malaysia in both conventional banks and Sharia banks. Their research found that implementation of Islamic work ethics from its various dimensions contributed significantly towards employee performance.

Saban et al., [9] carried out research on 345 employees in 20 four-star hotels in South Sulawesi in Indonesia which shows Islamic work ethics have a positive and significant influence towards employee performance. A similar case was shown by Hamzah et al., [10] who performed research on 275 employees of a Sharia bank in Riau, Indonesia. They similarly found that Islamic work ethics have a positive and significant influence towards employee performance. Al-Douri et al., [11] conducted research on the teaching staff of several universities in Malaysia, from which it was found that there is a positive relation between Islamic work ethics and job performance. The

same results were found by Zahraha et al., [12] who studied 150 Muslim administrative staff in the Islamic Higher Education Institution (HEI) in northern Malaysia. Similar findings were also brought up by Hadisi, [13] who did research on Muslim employees of the marketing sector of multinational companies.

Taufail et al., [14], researched 263 Sharia bank employees in Pakistan and stated that Islamic work ethics have a positive influence towards job performance. Din et al., [15] also stated that Islamic work ethics have a positive correlation with job performance through research done on 310 teachers of different universities situated in Malakand division, KP-Pakistan.

Ibrahim and Kamri [16] studied 208 sharia bank employees in Aceh, Indonesia and stated that the employees had high commitment in implementing Islamic work ethics in their daily work in order to reach good performance and satisfaction. Setiawan et al. [17] studied 83 employees of the Medan branch of the Rakyat Indonesia Sharia Bank and the results show that Islamic work ethics affect employee performance positively. Fanggidae et al. [18] also claimed that Islamic work ethics give positive support towards employee performance. The research was done on 39 employees of the Kupang-East Nusa Tenggara branch of the BTPN Sharia Bank. Widyarini and Muafi [19] researched 60 female employees of the Jateng Sharia Bank in Central Java, Indonesia and showed that Islamic work ethics have a positive and significant influence towards employee performance. Additionally, Abbas and Kowang [20] researched 200 employees in the banking sector in Pakistan and held up that Islamic work ethics have a positive influence towards work satisfaction.

II. METHODS

This research employs a quantitative approach and tests the hypothesis using the technique of simple statistical linear regression analysis. This research is done in a Sharia Banking Institution in Bandung City, Indonesia. Data collection was done using a questionnaire disseminated to employees in 15 Sharia commercial banks in Bandung city, Indonesia. Out of all the employees who received the questionnaire, only 104 agreed to participate. All the participating employees have consented for the information their provided to be presented in this paper and for the information to be included in this publication. The dissemination of the questionnaire was done in a time period between May to June 2021.

The question items provided in the questionnaire are arranged based on the indicators that appear in the following variable operational table 1:

TABLE I. VARIABLE OPERATIONALIZATION

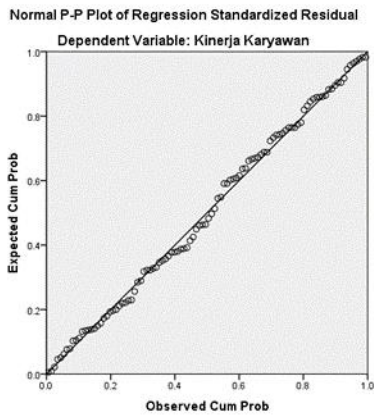
Variable	Dimension	Indicator	Scale
Implementation of Islamic Work Ethics (Ali & Al-Kazemi, 2012)	Shiddiq	Honest and true to his/her word	Ordinal
	Amanah	Reliable, professional, credible and responsible	
	Tabligh	Communicative and transparent	
	Fathonah	Intelligence and intellectual	
Employee Performance. (Pabundu, 2014)	Work Quality	Carries out assignments according to mechanism	Ordinal
		Hardworking	
	Quantity	Team player	
		Complement and support each other	
	Duration of Work	Comes to work and returns home on time	
		Good attendance	
	Teamwork	Commits full responsibility	
		Gives clear explanations	
	Supervision	Work is suitable with abilities	
		Suitable with time and amount of work	

The ordinal data scale in this research is transformed into Methods of Successive Interval to become the interval data scale to complete the statistical data processing using simple linear regression analysis.

III. RESULTS AND DISCUSSION

Before a hypothesis test is done, a normality test is carried out. This research employs a normal p-plot to carry out the normality test as it is the most commonly used technique. The basis of choosing the normal p-p plot is that in the case that the data spreads around the diagonal line then the regression model fulfills the normality assumption [21].

Figure 1 presents the SPSS program output on the data normality test using a normal p-p plot. In this figure it is apparent that the dots spread around the diagonal line, which means that the regression model fulfills the normality assumption.



Source: SPSS Output

Fig. 1. P-P plot normality test.

Results of linear regression analysis using SPSS is presented as follows table 2:

TABLE II. LINEAR REGRESSION ANALYSIS

Model	Unstandardized Coefficients		Standardized coefficients	t	sig.
	B	Std. Error	Beta		
Constant	10,680	3,977		2,685	0,008
Employee Performance	1,387	0,135	0,714	10,301	0,000

Source: SPSS processing results

Based on the table above, a constant value of $a = 10.680$ is found and a regression coefficient of $b = 1.387$ therefore a regression equation as follows is found:

$$\hat{Y} = 10,680 + 1,387 \text{ PEKI}$$

Based on the above equation, the value of $a = 10.680$ it can be concluded that when the variable of implementation of Islamic work ethics is ignored (has a value of 0), therefore the variable of employee performance has a positive value of 10.680. Meanwhile the value of $b = 1.387$ means that when the variable of implementation of Islamic work ethics is added by one variable, employee performance would also increase by 1.387. In other words, the better the implementation of Islamic work ethics, the better employee performance will be.

In this research the hypothesis proposed is that the implementation of Islamic work ethics will affect employee performance. The results of hypothesis testing are shown in table 2 as follows:

TABLE III. SIGNIFICANT TEST (T)

Model	Unstandardized Coefficients		Standardized coefficients	t	sig
	B	Std. Error	Beta		
Constant	10,680	3,977		2,685	0,008
Employee Performance	1,387	0,135	0,714	10,301	0,000

source: SPSS output

Based on the statistic hypothesis t test in table 2 it can be inferred that the implementation of Islamic work ethics has a calculated t value of 10.301 with a significance of 0.000. The results show a significance value of $0.000 < 0.050$. Therefore, the results of the statistic calculation show that the implementation of Islamic work ethics has a significant and positive effect on employee performance. Thus, H_0 is rejected and H_a is accepted. The results of this research is in line with several previous studies namely: Fanggidae et al. [18]; Hamzah et al. [10]; Ibrahim and Kamri [16]; Setiawan et al. [17]; Taufail et al. [14]; Widyarini and Muafi [19] who all presented research findings that Islamic work ethics possess a positive and significant effect towards employee performance in Sharia banking institutions.

Next, a determination coefficient analysis is used to find the amount of presentation of the effect of implementation of Islamic work ethics as variable x towards employee performance as variable y [22]. The results of the determination test (R^2) can be seen from the determination coefficient value in the following table 4:

TABLE IV. DETERMINATION COEFFICIENT

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate
1	0,714 ^a	0,510	0,505	6,27220

Source: SPSS Output

Based on the table above a value of R^2 (R squared) is obtained as 0.510. In its application, this determination coefficient is presented in the form of percentage using a formula formulated by Nurhayati, Sofianty, Kondai and Helliana as follows [23]:

$$KD = R^2 \times 100\%$$

$$\begin{aligned} KD &= R^2 \times 100\% \\ &= 0,510 \times 100\% \\ &= 51\% \end{aligned}$$

Based on the determination coefficient calculation above it is shown that the percentage of influence of the implementation of Islamic work ethics is 51%. In other words, the variable of employee performance can be described or influenced by the variable of implementation of Islamic work ethics by 51%,

while the rest 49% is described or influenced by other variables that are not included in this research; for example, Islamic motivation, affective commitment and job satisfaction [7]; and competencies, compensation and work culture [9].

IV. CONCLUSIONS

Based on the results of the hypothesis test in the findings and discussion section it can be concluded that the implementation of Islamic work ethics has a positive and significant effect. This means that the better the implementation of Islamic work ethics, the better the employee performance and vice versa. For subsequent research, broadening the generalization area and including more population is recommended. This can be done by, for instance, including all employees of sharia banks in all of Indonesia. Future research can also replicate this research by utilizing a different statistical hypothesis testing technique or by including other variables such as Islamic motivation, affective commitment, job satisfaction, competencies, compensation and work culture.

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