

**THE EFFECT OF ISLAMIC WORK ETHICS
ON JOB SATISFACTION AND
ORGANIZATIONAL COMMITMENT:
A MEDIATION MODEL**

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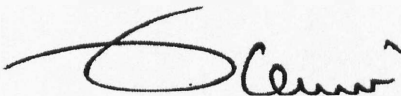
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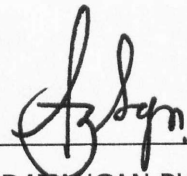
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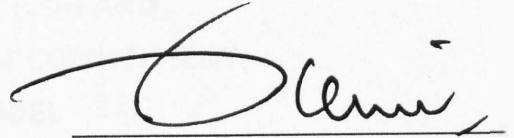
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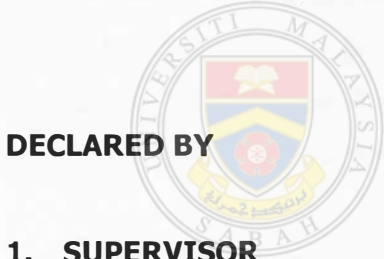
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ACKNOWLEDGEMENT

Bismi-llāhi r-Raḥmāni r-Raḥīm. In the name of God; The Most Gracious, the Most Merciful.

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ABSTRACT

THE EFFECT OF ISLAMIC WORK ETHICS ON JOB SATISFACTION AND ORGANIZATIONAL COMMITMENT: A MEDIATION MODEL

This study examines the effect of Islamic Work Ethics (IWE) on job satisfaction and organizational commitment among Federal civil servants of various departments in Federal Government Administrative Complex in Kota Kinabalu, Sabah. The objective of the study is to investigate the mediating role of job satisfaction, and its three dimensions, namely; satisfaction with co-workers, satisfaction with nature of work, and satisfaction with supervision in the relationship between IWE and organizational commitment. This study was performed in order to support previous studies regarding IWE, job satisfaction and organizational commitment especially in Malaysian setting. The finding of this study offer evidence of a direct, positive and significant relationship between IWE and job satisfaction and IWE and Organizational commitment. This study also found the significant role of job satisfaction in mediating the relationship between IWE and organizational commitment. Questionnaire contains demographic characteristic, IWE, job satisfaction and affective organizational commitment measurement. The collected data analyzed by using IBM SPSS version 19. Implications and limitations of the study are also discussed.

ABSTRAK

Kajian ini mengkaji pengaruh Etika Kerja Islam (IWE) terhadap kepuasan kerja dan komitmen organisasi di kalangan kakitangan awam yang bertugas di pelbagai jabatan Persekutuan di Kompleks Pentadbiran Kerajaan Persekutuan di Kota Kinabalu, Sabah. Objektif kajian ini adalah untuk menyiasat sama ada kepuasan kerja, dan tiga dimensi kepuasan kerja, iaitu kepuasan hati dengan rakan sekerja, kepuasan hati dengan jenis kerja dan kepuasan hati dengan pengawasan boleh berperanan sebagai pembolehubah pengantara di antara IWE dan komitmen organisasi. Kajian ini telah dilaksanakan dalam usaha untuk menyokong kajian-kajian terdahulu mengenai IWE, kepuasan kerja dan komitmen organisasi terutamanya dalam organisasi-organisasi di Malaysia. Dapatan kajian ini membuktikan bahawa terdapat hubungan langsung yang positif dan signifikan antara IWE dan kepuasan kerja serta IWE dan komitmen organisasi. Kajian ini juga mendapati peranan signifikan kepuasan kerja sebagai pembolehubah pengantara di antara IWE dan komitmen organisasi. Soal selidik bagi kajian ini mengandungi ciri-ciri demografi, ukuran-ukuran IWE, kepuasan kerja dan komitmen organisasi afektif. Data-data yang dikumpul dianalisis dengan menggunakan IBM SPSS versi 19. Implikasi dan batasan kajian juga dibincangkan.

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LIST OF ABBREVIATIONS

AOC	Affective Organizational Commitment
CPI	Corruption Perception Index
CW	Co-Worker
ETP	Economic Transformation Program
FGAC	The Federal Government Administrative Complex in Kota Kinabalu, Sabah
GTP	Government Transformation Program
IIM	Malaysia Integrity Institute
IWE	Islamic Work Ethic
JS	Job Satisfaction
JSS	Job Satisfaction Scales
NDP	National Development Policy
NEP	New Economic Policy
NKRAs	National Key Result Areas
NVP	National Vision Policy
NW	Nature of Work
OC	Organizational Commitment
PIN	National Integrity Plan
PWE	Protestant Work Ethic
SV	Supervision

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CHAPTER 1

INTRODUCTION

1.1 Overview

The Malaysian Government regards Islamic values as an important element in its administration. The Inculcation of Islamic Values in Administration Policy had been introduced and implemented in 1985. According to INTAN (1994), its aim is to shape relative and functional good values and high decency in every citizen as well as to develop moral beliefs and inject them in the government administration system as well as corporate bodies. The implementation of this policy in the Malaysian Civil Service is in line with the Federal Constitution of Malaysia whereby Islam is the official religion of the country. However, followers of other religions are free to observe their respective rituals.

Only eleven from the whole of the Islamic values are chosen for the policy. Those core values are trustworthiness, responsibility, sincerity, dedication, moderation, diligence, clean conduct, discipline, cooperativeness, honour and gratitude. The above values were chosen because they are the fundamentals universally accepted as key success factors in order to run business especially in the administration of a country (INTAN, 1994). The successfulness of development programs planned by the government such as the New Economic Policy (NEP), 1971-1990, the National Development Policy (NDP), 1991-2000 and the National Vision Policy (NVP), 2001-2010 mostly depends on the effectiveness of civil servants in executing their responsibilities by upholding integrity and efficiency. Their appreciation and adherence to the Islamic values will ensure the smoothness and the effectiveness of the government agencies as well as avoiding bribery and abusing of power.

Moreover, nearly twenty years later, in 2004, the inculcation of Islamic values policy was given a new breath by the then Prime Minister, Tun Abdullah Ahmad Badawi. As a Prime Minister who was always concerned with the

development of human capital especially in the government sector, he introduced a concept or a list of values called *Islam Hadhari* (Civilization Islam) with focus to enhance the quality of life through a progressive or civilised Islamic approach that emphasizes on development and consistent with the tenets of Islam (Badawi, 2005).

Badawi (2005) also stressed that as prescribed in the Qur'an and the Hadith which form the foundations of an Islamic civilisation, *Islam Hadhari* is an aspiration in bringing back the Muslim community to the fundamentals of Islamic teachings. There are ten main principles that are aimed to be achieved through this approach. Among others are faith and piety in Allah; a just and trustworthy government; a free and independent people; a vigorous pursuit and mastery of knowledge; a balanced and comprehensive economic development; and a good quality of life for the people. It also ensures that the government upholds the practice of good governance and accountability and transparency to all Malaysians, Muslims as well as non-Muslim alike.

Furthermore, in today's highly competitive global environment, the current Prime Minister of Malaysia Dato' Sri Mohd. Najib bin Tun Abdul Razak has introduced several initiatives to transform Malaysia through a holistic approach, namely the 1Malaysia concept of People First Performance Now, Government Transformation Program (GTP), Economic Transformation Program (ETP), New Economic Model and Tenth Malaysia Plan in its effort in making the country a developed and high-income nation as per its Vision 2020. Through the implementation of the GTP for instance, there are seven National Key Result Areas (NKRAs) concerning the people of the country to be addressed. They are reducing crime; fighting corruption; improving student achievements; raising living standards of low-income households; improving rural basic infrastructure; improving urban public transport and addressing cost of living (PEMANDU, 2010).

Therefore, in order to realize those initiatives, government agencies as well as civil servants are expected to put maximum effort with positive attitudes towards work in ensuring the effectiveness and efficiency in all aspect of administration and

in delivering quality services to the public. A study by Noe *et al.* (2000) found that both the individual and the organization can achieve high productivity is by having a powerful positive approach towards work. This finding shows that positive work ethic is an essential element in employees and organizational success.

The study of work ethics normally relied on the Protestant Work Ethic (PWE) as advocated by Max Weber (Yousef, 2001). Meanwhile, Islam has its own concept of work ethics. The main source of work ethics in Islam is derived from the Qur'an and Sunnah. According to Ali (1992), it is evidently preserved by Islam that a variety of personal attributes that promote economic development is the ideological foundation. History also proves that Muslims have achieved the golden ages in the eighth until the fourteenth century resulted from the appreciation of Islamic ethics (Ali, 2005).

Yousef (2001) also found that both IWE and PWE have similar assumptions which emphasize on hard work, commitment, dedication to work, work creativity, avoidance of unethical method of wealth accumulation, cooperation and competitiveness at the work place. However, Ali (1988) in an earlier study explained that IWE differs from PWE because it does not only concentrate on work as an duty and a virtue but also stresses that success and progress on the job depends on hard work and commitment to one's job. In fact the Quran condemns laziness and waste of time. Both Ali (1988) and Yousef (2001) acknowledge IWE as being more superior to PWE as a standard measurement of work ethic. This is because IWE also stresses out on cooperation in work and consultation is seen as a way of overcoming hurdles and avoiding errors.

In short, the inculcation of Islamic values in the Malaysian public service and corporate sector can be viewed as an effort to help to realize the Vision 2020. It is considered as an important element because Malaysia not only wants to be a developed country but what more crucial is that it wants to achieve the status of a developed nation according to its' own way without jeopardising local values, morals, traditions as well as religious aspects.

1.2 Problem Statement

The study of work ethics in business has received significant attention especially following the collapse of major corporations like Enron and WorldCom. Petrache (2009) stated that what was described as the biggest corporate scandal was the collapse of energy broker Enron Corp in 2002 that had affected its 20,000 employees' pension funds. It was reported that former employees of the American company declared that for the heads of Enron, the most important thing was the immediate financial success, "at any price, with any means" and they were imposed that it was allowed to lie, cheat or to make their own rules as long as they make money.

As for Malaysian context, the number of commercial crime cases has increased between 1994 and 2003, with criminal breach of trust and misappropriation of funds forming the majority of cases. In the year 2003, about 11,714 cases were reported relative to 4,229 cases in 1994 and thus reporting an increase of 491% from 1977. The amount involved increased almost four-fold, from RM153.8 million in 1994 to RM570 million in 2003 (Royal Malaysian Police, 2004). Surprisingly, several years after, based on figures in Malaysia Crime Watch (2007), in the year 2006, commercial crime cases have increased from 171,604 to 198,622 cases compared to year 2005. The common ground underlying these issues is the failure of observing ethical values in business.

Moreover, the quality of service delivery in the public sector is reflected from number of complaints received from the public regarding the services provided. Based on the Public Complaints Bureau, Prime Minister's Department's report, statistic showed an increase of public complaints regarding the service quality management in government offices. The report also showed customer complaints increased from around 40 percent to 80 percent in 2011 compared to 2001 (Public Complaints Bureau, 2011). In 2011, there were 13,356 public complaints recorded. Among the highest complaints are delay or no actions (44.7%), unsatisfactory quality of service (18.2%), unfair action (12.3%) and failure of enforcement (8.4%). Based on the above report, it is clear that the service quality problem in government departments is at an alarming state.

In relation to this, the former Prime Minister, Tun Abdullah Hj. Ahmad Badawi has launched the National Integrity Plan (PIN) and the establishment of Malaysia Integrity Institute in April 2004 (IIM, 2004). It aims to develop a Malaysian society that is ethical, imbued with a strong sense of right and wrong in family, social, politic, economy, private firm, and government institutions. However, based on the world's most credible measure of domestic and public sector corruption, Transparency International's 2011 Corruption Perception Index (CPI), the score for Malaysia has shown decreasing trend which in 2008 the score was 5.1, in 2009 was 4.5 point, in 2010 was 4.4 point and in 2011 was 4.3 point (Transparency International, 2011). According to Transparency International, countries which have the CPI scores less than five indicates that they are considered significantly corrupt. This situation indicates that the international community still have low perception on integrity and corruption practices in Malaysia.

Apart from the above-mentioned issue, employees' retention in organization is also an important issue. This is because they are assets to the organization that they belong to and are needed in order to achieve the organization's objective. Job satisfaction influences employees' decision on whether to remain in the organization if he is satisfied with his job, or decide to leave if he is dissatisfied. It was found out that employees who are contented towards their jobs have high productivity and make them remain for a longer time in the organization, whereas employees who are discontented will have low productivity and more prone to leave their jobs (Sarker *et al.*, 2003). In relation to that, Nasurdin *et al.* (2003) found that job satisfaction is an influential contributor to the organizational commitment and employees who are contented with their jobs are more likely to put extra effort and make positive contributions to the organization.

Owing to that, many studies found the relationship of IWE with several organizational outcomes such as job satisfaction, organizational commitment, work conflict, innovation capability, role conflict and role ambiguity (Yousef, 2000; Ali and Al Kazemi, 2007; Ali and Al Owaihan 2008; Yousef, 2000; Yousef, 2001; Rokhman, 2010). However, Yousef (2002) informed that the function of job

satisfaction as a mediator between the relationship between IWE and organizational commitment has not been given much consideration in literature.

To put into a nutshell, the above-mentioned cases really show the great importance for government sectors to evaluate the effectiveness of work ethics that the government has tried to instil. This is important in order to meet the ever increasing expectation of general public and stakeholders for the effective and efficient public service delivery. The problems raised by this study lie in the following questions: To what extent do public servants commit to Islamic work ethics? What is the role of Islamic work ethics in enhancing job satisfaction and organizational commitment in Malaysian public service?

By understanding the effect of Islamic work ethic on job satisfaction and organizational commitment it will help in assisting managers in the various government departments to better manage their workforce. Nasr (1984) argues that Islamic work ethic must be highlighted in any ethics study because it is the model in which Muslims must observe. Since the Malaysian government put much emphasis on Islamic values and ethics in its administration, the focus of this study will be on Islamic Work Ethic (IWE).

1.3 Scope of Study

The scope of this study is to investigate the effect of IWE on job satisfaction and organizational commitment among Federal civil servants of various departments in the Federal Government Administrative Complex (FGAC) in Kota Kinabalu, Sabah. There are three main categories of government officers' rank, i.e. Top Management Group (JUSA); Managerial and Professional Group (grade 41 until 54) and Implementer Group (grade 1 until grade 40). This study only focuses on Implementer Group which is formerly known as Support Group.

According to the Federal Secretary Office of Sabah's record in year 2011, there are twenty five government departments in the FGAC in Kota Kinabalu, Sabah with around 1,878 Federal civil servants. The number of Implementer Group is 1,662 and made up of 88.5% of the population. Please refer to Table 1.1.

Table 1.1: The Number of Employees According to Rank Categories in Various Departments in the FGAC in Kota Kinabalu, Sabah

No.	List of Federal Departments	Rank Categories			Total
		TMG	MPG	IG	
		JUSA	Grade 41-54	Grade 1-40	
1	Pejabat Setiausaha Persekutuan Sabah	1	7	34	42
2	Pasukan Petugas Khas Persekutuan (Wilayah Sabah/Labuan)	1	6	15	22
3	Jabatan Audit Negara Negeri Sabah	1	19	129	149
4	Jabatan Imigresen Malaysia Caw. Sabah	1	6	330	337
5	Suruhanjaya Pencegahan Rasuah Malaysia Sabah	1	16	105	122
6	Pejabat Pilihan Raya Negeri Sabah	0	1	31	32
7	Jabatan Alam Sekitar Negeri Sabah	0	16	65	81
8	Kementerian Luar Negeri, Pejabat Wilayah Sabah	0	1	1	2
9	Pasukan Projek Sabah, JKR Malaysia	0	25	36	61
10	Jabatan Peguam Negara	0	17	18	35
11	Pejabat Pembangunan Negeri Sabah, (ICU JPM)	1	19	84	104
12	Suruhanjaya Perkhidmatan Awam Malaysia, Urus setia Cawangan Sabah	0	3	30	33
13	Unit Pemodenan Tadbiran dan Perancangan Malaysia (MAMPU) Cawangan Sabah	0	9	16	25
14	Majlis Keselamatan Negara (MKN) Sabah	0	4	13	17
15	Pejabat Perdagangan Dalam Negeri dan Hal Ehwal Pengguna Sabah	0	19	39	58
16	Bahagian Pasca Perkhidmatan JPA Cawangan Sabah	0	2	29	31
17	Jabatan Pendaftaran Negara Negeri Sabah	0	5	211	216
18	Suruhanjaya Perkhidmatan Pelajaran Sabah	0	4	21	25
19	Jabatan Perangkaan Malaysia Negeri Sabah	0	10	221	231
20	Jabatan Kemajuan Islam Malaysia (JAKIM) Cawangan Sabah	0	8	42	50
21	Ikatan Relawan Rakyat (RELA) Malaysia Cawangan Sabah	0	2	26	28
22	Jabatan Insolvensi Malaysia Negeri Sabah	0	1	52	53
23	Jabatan Kemajuan Masyarakat (KEMAS) Negeri Sabah	0	4	59	63
24	Pejabat Keselamatan Kerajaan Malaysia Negeri Sabah	0	3	7	10
25	Jabatan Perpaduan Negara & Integrasi Nasional Negeri Sabah	0	3	48	51
Total		6	210	1,662	1,878

TMG: Top Management Group, MPG: Managerial & Professional Group, IG: Implementer Group

This study revealed the level of IWE among the population involved in this study. This information is important because IWE is expected to influence job satisfaction and organizational commitment that will eventually drive high productivity and performance of employees in organizations. When IWE is highly appreciated among employees in everyday business especially in Malaysian government sectors, perhaps it could be a role model for other organization as well. This is because IWE is derived from the *Qur'an* and *Sunnah* which consist of universal values that are accepted and suitable for any kind of culture or organization.

1.4 Research Questions

This study was initially guided by the following questions:

- (i) To what extent does Islamic work ethics affect job satisfaction and organizational commitment among the Federal civil servants in the Federal Government Administrative Complex in Kota Kinabalu, Sabah?
- (ii) Does job satisfaction mediate the relationship between Islamic work ethics and organizational commitment?
- (iii) Does satisfaction with co-workers mediate the relationship between Islamic work ethics and organizational commitment?
- (iv) Does satisfaction with nature of work mediate the relationship between Islamic work ethics and organizational commitment?
- (v) Does satisfaction with supervision mediate the relationship between Islamic work ethics and organizational commitment?

1.5 Research Objectives

Therefore, the main objectives of this research are as follows:

- (i) To investigate the link between IWE, job satisfaction and organizational commitment;
- (ii) To investigate the mediating role of job satisfaction in the relationship between IWE and organizational commitment;
- (iii) To determine the mediating role of satisfaction with co-workers in the relationship between IWE and organizational commitment;

- (iv) To determine the mediating role of satisfaction with nature of work in the relationship between IWE and organizational commitment and
- (v) To determine the mediating role of satisfaction with supervision in the relationship between IWE and organizational commitment.

1.6 Rationale and Significance of the Study

Government sectors are currently facing a highly competitive global environment. In order to transform this country to be a developed and high-income nation, several government initiatives have been and in the process of implementation namely the Government Transformation Program (GTP), Economic Transformation Program (ETP), New Economic Model and Tenth Malaysia Plan. Government sectors play an important role as a strategic enabler and facilitator to private sectors to materialize those initiatives. On top of that, stakeholders' and people's expectations of excellent delivery service of all government agencies are highly increasing.

Therefore, it is important for every managers and top managements of all government agencies to successfully address the important issue that can jeopardise employees' satisfaction and commitment, i.e. IWE. It is because by realizing the true issue, managers in public sector will appreciate IWE as an important factor in organization that not only will determine the level of job satisfaction and commitment among employees but nevertheless, will lead to the improvement in efficiency, effectiveness, productivity and innovation in service delivery.

This study has two major significant contributions. Firstly, the findings of this study, which suggest a mediation role of job satisfaction in the relationship between IWE and organizational commitment, can be a reference for further investigations on this area of knowledge among employees at any organizations, particularly in Malaysia. Secondly, this study will also help any government departments to realize and appreciate the nature of relationship between IWE, job satisfaction and organizational commitment among civil servants. Thus, it will help their managers to take appropriate initiatives in order to strengthen the inculcation