

# **ORGANIZATIONAL CULTURE AND WORK COMMITMENT MEDIATE THE ISLAMIC WORK ETHOS ON EMPLOYEE PERFORMANCE**

**Harinoto, Universitas Kanjuruhan Malang Indonesia**  
**Anwar Sanusi, Universitas Merdeka Malang Indonesia**  
**Bogetriatmanto, Universitas Merdeka Malang Indonesia**

## **ABSTRACT**

*The purpose of this study is to analyze the role of organizational culture and work commitment mediates the Islamic work ethos on employee performance in the Government. This type of research includes explanatory research; population of this study is civil servants who are Muslims in the work unit. Slovins' formula is used to determine the number of research samples taken by proportional random sampling. Data analysis techniques use descriptive analysis and Structural Equation Modeling (SEM). The results of this study prove that the organizational culture and work commitment mediate Islamic work ethos lead to employee performance. Islamic work ethos is reflected more in the nature of trust, responsible work, the organizational culture is reflected more the value of innovation and risk, using operational procedures standard. Work commitment reflected by normative commitment, consistent obedience, compliance with rules and performance of employees described as reflected by quantity of work, trying to meet the work target set. Implications for the organization need an innovative organizational culture while built a strong normative commitment at once. This will effectively mediate Islamic work ethos to improving employee performance.*

**Keywords:** Organizational Culture, Work Commitment, Islamic Work Ethos and Employee Performance.

## **INTRODUCTION**

The Paradigm of employee management, that the key success of organizational is human capital in comparably to financial capital. Eemployees should be a catalyst for other resources and create creating value for all stakeholders. The Transformation of management through human capital development encourages the performance of employees of the city government is good. Bernardin & Russel (1993) employee performance is identical to achievement, and responsibility. Robbins et al., 2015 factors of ability, motivation and opportunity influence the employee performance. While, Matei & Chesaru (2014) stated governance, public services, poverty alleviation, and power decentralization are not in line with expectations. Alon & Hageman (2013), government related to the quality of public services, bureaucracy, the

competence and political independence. The problem of nepotism, collusion and corruption is still symptomatic, a condition with transactional, less ethical.

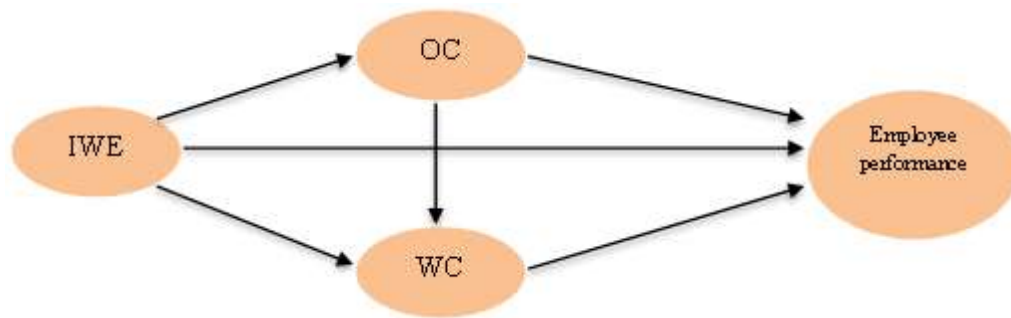
Islamic work ethos has potential to give positive energy to the performance of employees, because of the beliefs of Islamic teachings and values. Work is worship, has an element of kindness and blessing. At-Taubah (9: 105) and say, you work, then Allah will see your work, so will His Prophet and the believers, and you will be returned to Allah who knows the unseen and the real, then preached Him to you what you have done. Ali & Al-Owaihah, 2008 Islamic work ethos with organizational commitment, shows a positive relationship.

IWE contains inner self, inner being to act rationally and believe that the highest dedication of man is only to Allah SWT ("*hablum minallah*"), and beneficial to fellow human beings ("*hablum minannas*"). These underlying IWE research, faith-based work has a range of meanings, eternities, which encourage employee performance and bring benefits to the employees and organizations. The problem is how employees use IWE as the foundation of work and affect the performance of employees. The OC domain concerns the value, the norm that becomes an integral part of effective change for the organization, in anticipation of turbulence. Robbins et al., 2015 primary cultural characteristics, consisting of innovation and take risk, attention of detail, outcome orientation, people orientation, orientation, aggressive and stability. Ideally OC is a prerequisite for a good and continuous organization, when the organization has a stable and continuous OC, then the organization becomes good. Good Ali & Al-Owaihah., 2008 OC research, realizing vision, maintaining stability. Work commitment, encouraging employees to survive as members of the organization. Mowday et al. (1982) acceptance of organizational goals, willingness to work hard and desire to survive to be part of the organization, according to Allen & Meyer (1990) there is affective, normative, and sustainability commitment. Vance (2006) work commitment includes pride, loyalty to the organization. Interesting issues of how effective OC and work commitments mediate IWE on employee performance.

## METHOD

This research uses survey method. The populations are civil servants who are included in the work unit and are Muslim. Samples were taken using Slovinc's formula (Sanusi, 2013) with alpha 7%=178 respondents, with the proportional random sampling. Data was taken on April to July of 2017 with questionnaires. A characteristic of respondents is dominant in age 49-50 years, with a long working 26-31 years. Data analysis techniques uses confirmatory factor analysis and Structural Equation Modeling (SEM). Conceptual framework, Islamic work ethic describes compliance, inner being, essential being, work spirit based on Islamic values, establishes ideal regulation and internalization that influence the employee performance. The organizational culture, forming characters based on basic assumption, value and belief, differentiates with other organizations. Work commitment includes pride, loyalty to the organization. Contains the meaning of self-reflection, to remain in the organization and willing, emotionally and intellectually bound.

The role of OC and work commitment as well as endogenous variable also acts as mediation to see the level of effectiveness. The conceptual framework can be described as follows.



**FIGURE 1**  
**CONCEPTUAL FRAMEWORK**

Where,  
 IWE: Ethos Islamic Work.  
 OC: Organizational Culture.  
 WC: Work Commitment.  
 Performance KY: Employee Performance.

In accordance with the above conceptual framework, the hypothesis of this study is as follows:

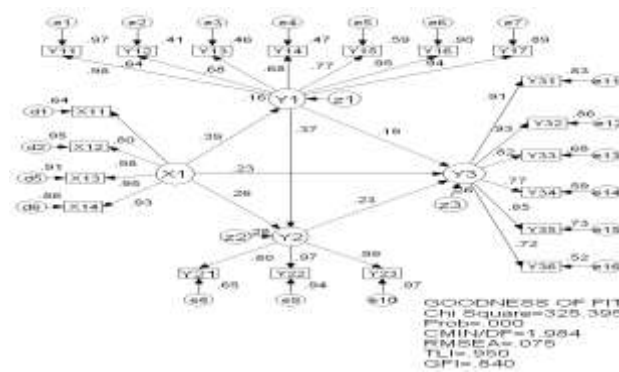
- H<sub>1</sub>: If IWE underlies employee work, it has significant influence to BO and work commitment.*
- H<sub>2</sub>: If IWE underlies employee work, it has a significant effect on employee performance.*
- H<sub>3</sub>: If the OC is good, it has a significant effect on employee performance and work commitment.*
- H<sub>4</sub>: If employees have a work commitment, significant effect on employee performance.*
- H<sub>5</sub>: In total IWE gives a significant influence on employee performance through BO and work commitment.*

## RESULT AND DISCUSSION

The result of descriptive analysis, employee performance is reflected by interpersonal, work quantity, supervision, work quality, work effectiveness and punctuality, appreciated and dominantly reflected by interpersonal, with supportive cooperation. Work commitment reflected by normative commitment, sustainable and effectiveness, appreciated and dominantly by normatives commitment, obedience and compliance with applicable regulations. Islamic work ethic variable, reflected by honesty, trustworthy, communicative character, and intelligent, appreciated and dominantly reflected by honest nature, work sincerely for Allah. Variable of organizational culture, reflected by innovation and risk, detailed attention, result orientation, human orientation, team orientation, aggressiveness and stability, means appreciated and dominantly reflected by innovation and risk, with clear operational procedures standards, protecting employees.

The test of analysis SEM assumption of normality, observe the value of critical ratio skewness with multivariate value, are in the range of -2.58 to 2.58 qualify for normality. Known C.R. multivariate value of 1.82, means assumption of multivariate normality tested. Outlier test results show the observation number of 1 to 178 is smaller than chi-square table ( $\alpha=0.001$ ;  $df=220$ ) of=290.55. Distribution at centroid point range, shows eligible observation data. The result of analysis of multicollinearity is no relationship between high manifest variables ( $r<0.90$ ), structural equation model analyzed does not occur multicollinearity.

The result of SEM analysis, Confirmatory Factor Analysis test knows the construct former of research variable and causality analysis, the result lead to Figure 1. Loading factor of employees' performance is the largest estimation of the work quantity as a contract former of employee performance variable of 0.93. The largest estimation model of Islamic work ethic is the mandatory nature as construct former of Islamic work ethic is 0.98. The greatest organizational culture is estimation model of innovation and risk as construct former of organizational culture is 0.98. The loading factor of work commitment, the greatest estimation model of normative commitment as a construct of work commitment variable is 0.99.



Source : Primary Data, 2017

**FIGURE 2**  
**FULL MODEL SEM ANALYSIS**

- X : Islamic Work Ethic.
- Y1 : Organizational culture.
- Y2 : Work commitment.
- Y3 : Employee performance.

Test of suitability of model: goodness of fit and statistic test toward full model of SEM, show chi square value  $325.395 >$  chi square table 290.55 with sig  $0.000 < 0.05$  which mean fulfill good criterion, that covariance matrix between prediction with observation is same, model is fit. While CMIN/DF result:  $1.984 \leq 2.00$  means good, RMSEA result:  $0.075 \leq 0.08$  means good.

The coefficient of Islamic work ethic effect on employee performance=0.23, the coefficient of Islamic work ethic effect on organizational culture=0.39, the coefficient of Islamic work ethic effect on work commitment=0.26. Coefficient of organizational culture effect on employee performance=0.19, coefficient of organizational culture effect on work commitment=0.37. Coefficient of organizational culture effect on employee performance=0.23.

The result of fit model test of chi square value is  $325.395 >$  from chi square table equal to 290.55 with  $\text{sig } 0.000 < \alpha = 0.05$  which mean meet the good criterion, covariance matrix, it can be concluded there is no difference between the sample covariance matrix and the matrix of estimated population covariance, means that the model is fit. Hypothesis test result based on critical ratio value and sig value.  $\text{C.R.} \geq 2.00$  and  $\text{sig.} < \alpha = 0.05$  as a condition of acceptance of hypothesis. The result of C.R. value and sig level is between the hypothesized variables.

Islamic work ethic underlies employee work, affects organizational culture and employee commitment, critical ratio value to organizational culture= $5.53$  followed by p value= $0.00$ . Islamic work ethic against employee commitment= $3.63$  followed by p value= $0.00$ . Means that tested Islamic work ethic significantly effect on the organizational culture and work commitment, means that it qualifies acceptance of working hypothesis. The second hypothesis of Islamic work ethic underlying the employee work, affecting employee performance, is proved by the value of critical ratio of employee performance= $2.96$  followed by value  $p = 0.003 < 0.05$  means that variable of Islamic work ethic proved to have significant effect on employee performance, means that it qualifies the acceptance of the working hypothesis. The third hypothesis of organizational culture on employee performance and employee commitment, proved by C.R. value to employee performance= $2.38$  followed by p value= $0.017 < 0.05$  and employee commitment= $5.07$  followed by p value= $0.00 < 0.05$  means that organizational culture proved to have a significant effect on employee performance and organizational commitment, means that it qualifies the acceptance of the working hypothesis. The fourth hypothesis of work commitment to employee performance, evidenced by the value of C.R. employee performance= $2.86$  followed by p value= $0.004 < 0.05$  means to meet the acceptance of working hypotheses. The fifth hypothesis of direct influence and total influence, the result of Islamic work ethic total influence significantly to employee performance= $0.400$  through  $\text{BO} = 0.276$  and organizational commitment= $0.232$ .

The effect of total direct influence hence the hypothesis shows that Islamic work ethic significantly influence to employee performance through organizational culture and organizational commitment is tested, it means Islamic work ethic effectively influence employee performance through organizational culture and employee work commitment.

### **Islamic Work Ethic on Organizational Culture and Work Commitment**

Islamic work ethic underlies the employee work and employee commitment. Organizational culture will be effective when Islamic work ethic is more intensively run. Similarly, work commitments will be effective when Islamic work ethic is more intensively enforced. Islamic work ethic is described by the nature of trust as its construct, working responsibly. The commands of Al-Taha (20: 13-15). Al-Ma'arif (70: 32-33) keeps their trust and their promises, followed by the self-awareness of producing strong organizational culture. Effective work commitment when Islamic work ethic is more intensively implemented, through the trust of carrying out the full responsibility of work as our prophet had advised trough Al-Ahzab (33: 21). This reinforces the work commitments of employees to always obedient to the applicable regulations. A trustworthy employee gives rewards and accepts the goals of the

organization. Similar research by Hayati & Caniago (2012), Begum (2015), and Salahudin et al. (2016) that Islamic work ethic underlies employee work to employee work commitments.

### **Islamic Work Ethic on Employee Performance**

Islamic work ethic is shaped by the nature of trust by working full responsibility, so that it will influence to the work performance. Al-Ahzab (33: 21), Prophet gave example to do the right things in life with a purpose to God's grace and blessings. Prophet Hadith, *“whoever struggles to earn a living for his family, and then he is similar to a mujahideen in Allah's way.”* (HR Ahmad). Islam does not want its people to work lazily. Working is a worship, human dignity struggle and economic degree of the people, must always work hard, discipline and responsible. Research Hayati & Caniago (2012), Begum (2015), Salahudin et al. (2016), Islamic work ethic has a significant effect on the employee performance. As Islam as the religion of rachmatanlilalamin (Al-Anbiya, 21: 107) means and *“we do not send you (Muhammad) but to be a mercy for all Nature.”*

### **The Good Organizational Culture, Influence to Employee Performance and Employee Commitment**

Employee performance will be more effective when organizational culture more intensively runs, reflected by innovation and risk, with clear standard operational procedures that protect employees. Robbins et al. (2015) organizational culture functions to forming attitudes and behavior to force employee performance. Amrizal (2011) organizational success is not separated from corporate culture. Effectiveness is reflected in trust, and subordinate support. Employee commitment will be good, when organizational culture is more intensively run as the research of Rashid et al. (2003), Chen (2004), Syauta et al. (2012) organizational culture has an effect on organizational commitment.

### **A Good Work Commitment Influence to Employee Performance**

Employee performance will be more effective when work commitments intensively executed. Work commitment reflected by normative commitment, obedient employees and obedient to the applicable regulations, as research of Meyer & Allen (1991), Davis & Newstrom (1999) factors for employee commitment, personal factors, work, structure and work experience. Yousef (2001b), Chen (2004) reinforces the theory of social exchange theory Cropanzano & Mitchell (2005), that commitment will be achieved if there is a match between desire and organizational expectations, and the effect on performance improvement. This can be achieved since the recruitment, which meets the criteria, abilities and skills as well as good moral ethics.

### **Islamic Work Ethic Indirectly Influence on Employee Performance through the Organizational Culture and Employee Commitment**

Achieving good and optimal performance is the process of functional interaction between ability, spirit and opportunity. Organizational culture and work commitments have become the benchmarks for Islamic work ethic alignment to better guide employee performance. The position of organizational culture and work commitment are strategic enough for Islamic Work Ethic with the nature of trust underlies the employee performance. Al-Fath (48: 18) He knows what is in their hearts, gives peace with victory. This condition convinces what is earned depends on the deeds. According to Yousef (2001b), Chen (2004) and Cropanzano & Mitchell (2005) organizational culture and work commitments are achieved when there is suitability between wishes and organizational expectations and influences on employee performance.

## CONCLUSION

Organizational culture and work commitments become benchmarks for Islamic Work Ethic to improve employee performance, reflected by interpersonal, with cooperation. The position of organizational culture and work commitment for Islamic Work Ethic is very strategic. The implications of growing an emotional bond, sense of belonging that encourages the improvement of employee performance, is reflected by the quantity of work, with the achievement of the established work target. Islam does not want its people to work at random, lazy. Work is worship, part of the struggle of human dignity and economic degree of people, always working hard, discipline and honest to improve employee performance. For generalization of management science related to organizational behavior, this research can be developed more widely, involving other work units of regional government, with a more comprehensive theoretical perspective.

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