Islamic Banking Employee Loyalty Level in Banda Aceh – Indonesia: An Islamic Perspective

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Abstract

The purpose of this paper is to assess the loyalty level of Islamic Banking employee in Banda Aceh, Indonesia based on criteria in the Islamic perspective that has been established. The writing of this paper uses the method of library study and empirical method in the form of quantitative. An investigation was conducted involving 277 respondents of Muslim Islamic banking employees in Banda Aceh, Indonesia. Data were cited using questionnaire instruments and analyzed using descriptive and inferential statistics. There are five criteria of employee loyalty in Islam, namely Amanah (Trust), Compliance to the leadership, Ikhlas (Sincerity), Responsible and Welfare at Work. The results showed that the overall level of Muslims’ employee loyalty in Islamic Banking in Banda Aceh, Indonesia is at a high level.

Keywords: employee loyalty, Islamic perspectives, criteria of Muslim employee loyalty.

Introduction

Employee loyalty is an important discussion that attracts many experts in human resources and organizational behavior. Because this loyalty will benefit employers and also be utilized for the advancement and development of organizations/companies. For some Muslim scholars, the Islamic view of the loyalty of Muslim employee should be given due attention, since conventional views are considered inadequate in terms of their philosophy or tasawur framework. Conventional views are considered more emphasis on mere reason, so in assessing something, the conventional point of view becomes materialistic and pragmatic. While the view of Islam is more emphasis on Al-Falah and Mardhatillah (worldly goodness-ukhrawi and the pleasure of Allah SWT).

This interest is shown in the theoretical and empirical writing efforts in determining the key causes associated with employee loyalty to the organization (Othman Ahmad, 1997). In this case there are several terms in English about the concept of employee loyalty. For example, corporate loyalty (Jones, 2010, Grosman, 1989, and Erwin, 1993), organizational loyalty (Douglas, 2008), and employee loyalty (Bechtold, 2004, Burke 2005, Linn, 1992 and Getchell, 1975).

Some motivational theories are also applied by experts to explain the phenomenon of the employee loyalty. As example are the need theory by Maslow, the motivational theory of achievement by McClelland, the two-factor theory by Herzberg, the equity theory by Adams, the attribution theory by Heider and the theory of appreciation by Vroom.
Studies conducted on the topic of loyalty of employee are relatively few. Especially related to religion, including the religion of Islam. It is therefore desirable if the question arises, is the form of management that can produce Islamic loyalty? It is based on the notion that a concept / theory developed in the West are not the same as the concepts / theories in Islam (Syed Naqib al-Attas, 1991). In terms of the difference that can be seen, Islam has a different world view (Muhammad Syukri Salleh, 2000) that will create a unique concept. It is similarly with the concept of employee loyalty. This is because it is believed that conventional management is a management model that does not include the role of religion (Muhammad Syukri Salleh, 2000, YaPeim Management Academy, 2006). The minds of his scientists are commonly called secularism, a pattern of thinking that separates the world's life with religious teachings (Syed Naqib al-Attas, 1991). Therefore, this study will see the concept of employee loyalty in Islamic Perspective.

This article aims to explain a study conducted on 277 Islamic banking employees in Banda Aceh, Indonesia on the criteria of employee' loyalty in Islamic perspective. This article will be divided into several sections. The first part of the introduction; second the literature review; third methodology; the fourth analysis of the study and finally the conclusion.

**Literature Review**

According to Zakaria Ismail and Zafir Mohd Makhbul (2000), employee loyalty factors is need attention by organizations because of the low level of employee loyalty can cause productivity and organizational development to be affected. Today, the loyalty of employee in some organizations has been affected by the brunt of dismissal and diligent work, the effect of downsizing and restructuring of the organization.

The study conducted by Selnow and Gilbert (1997), for example, shows that the current level of loyalty of employee is declining. A study conducted on 121 respondents from six different industries showed that 67 percent of them expressed the loyalty of employee to their organization decreased.

Stroh and Reilly (1997) also point out that employee loyalty to the organization has changed. Employee loyalty is diminishing due to drastic reductions in organization, restructuring and even re-engineering by many organizations today. According to Stroh and Reilly (1997), employee loyalty is very important to an organization because there is a relationship between loyalty and organizational achievement as well as employee turnover in the organization. The study conducted by them in the form of longitudinal study involved middle managers from 500 companies and took between 1991. Among the questions asked was their loyalty to the organization. As a result, there has been a low loyalty in 1991 compared to 1989. Respondents who have served in new places have stressed that more job opportunities are available in new places and their loyalty to new organizations is on the rise. While employee who remain in the old organization have shown a decline in their loyalty. The findings of the study conducted in 1991 showed that 70 percent of employee dropped out of different industries due to their declining level of loyalty.

Efforts to realize employee loyalty should be addressed by the organization in order to maintain the best employees (Ware, 1997). A study in the West suggests that various efforts are undertaken by the organization to create employee loyalty. Among the efforts of the organization are to provide adequate and fair rewards, comfortable working environment, training and career development, guaranteeing employee' rights and social integration within the organization. When loyalty exists, then issues related to human resource management can be reduced, such as reducing workplace turnover and absenteeism. On these assumptions, organizational
managers should know the factors that affect their employees' loyalty so that their human resource management becomes more effective.

Ware (1997) argues that management needs to look at increasing their loyalty as the main agenda of their organization. Among the efforts undertaken by the company include providing a comfortable working environment and modifying the organization's reward system. Various other efforts can be undertaken to raise the level of loyalty of employees, but the less important is to carry out these efforts in a more systematic manner and based on a strong empirical and theoretical basis so the effect becomes more lasting and stronger.

Davis (1989) and Dessler (1988) describe that organizational factors that can create employee loyalty comprise elements such as employee engagement in decision-making, adequate and fair rewards, open communication, comfortable work environment and training and career development. Prickett (1998) states that companies that want to create employee loyalty should offer job opportunities rather than monetary rewards. These opportunities include promotions and engagement in decision making. Meanwhile, Katz (1996) also states that factors that can create loyalty of employees to the organization consist of financial and training rewards. McShulskis (1997) also supported the opinion by clarifying that the level of loyalty of employee was directly related to the amount of compensation they received. She further found that married and mature employee were more loyal to the organization than the unmarried and the young.

Managers who encourage employees to continue to study and follow the training program can create the ultimate goal of employee loyalty to the organization. This statement is in line with the opinion expressed by Wood (1996) on how McDonald’s is pursuing an effort to realize employee loyalty through training and development as well as providing a comfortable working environment.

Carrell, Elbert and Hatfield (1995), Cascio (1995) and Wilfred (1989) also see organizational factors that can affect the loyalty of employees consisting of fair rewards, encouragement in employee participation, career development, open communication and workplace environment comfortable. These opinions have similarities with the opinions given by Franklin (1997) and Solomon (1992), which is the loyalty of the employees as having an association with organizational awards to employees, reward systems as well as training and career development. While Walton (1973) has developed organizational factors affecting loyalty to eight, namely adequate and fair rewards, comfortable working environment, human capacity development, continuous development and work safety, social integration within organizations, organizational rights, space comprehensive life, and social relevance of working life.

A recent study on the title of the loyalty of employee is mostly carried out in Western countries by Western scholars. The studies conducted on this topic are relatively few. Especially related to religion, including Islam.

There is a researcher writing about employee loyalty studies in Islamic perspective, namely Ridwan Nurdin (2011, 2012, 2013, 2014). In the beginning (2011) he sought to formulate the principle and criteria of the loyalty of the worker. From its search results to the verses of the Qur’an and Hadith, it states that there are four principles and five criteria of the loyalty of employee in Islam. The principles are Tauhid, Khilafah, Ukhuwwah and Justice. The criteria are Amanah (Trust), Compliance with Leadership, Ikhlas (Sincere), Responsible and Virtue at work (Ridwan Nurdin, 2011, 2012). Then Ridwan continued his studies by formulating the instrument of employee loyalty (2013). Next, he set up a set of questionnaires and
conducted a pilot study (2014). From the results of the pilot study, 34 question items were developed which can be used to measure the level of loyalty of the employee. This article is the continuation of the pilot study or the actual study result involving 277 respondents of Islamic banking employee, according to the criteria and questionnaires used by Ridwan.

Research Method
The design of this study is descriptive and type of application research. Data used are quantitative data and analyzed by descriptive and inferential statistics. The sample of the study was the workforce of 9 Islamic banking in Banda Aceh, Indonesia, totaling 277 people. Comprised of employees in Bank Syariah Mandiri (BSM), Bank Muamalat Indonesia (BMI), Bank Rakyat Indonesia Syariah (BRIS), Bank Negara Indonesia (BNI) Syariah, Bank Mega Syariah, Bank Aceh Syariah, Bank Danamon Syariah, Bank Permata Syariah and Maybank Syariah Bank.

The data were collected using a questionnaire instrument consisting of 5 criteria dimensions and 34 question items. The five dimensions of the criteria are Amanah (Trust), Compliance with Leadership, Ikhlas (Sincerity), Responsibility and Welfare at work. The Amanah Criteria has 7 questions, the Compliance criteria on the leader have 6 questions, the criteria of Ikhlas have 6 questions, the Responsible criteria have 6 questions and Welfare at work has 9 questions. The analysis was done using SPSS (Statistical Package for Social Sciences) version 21 to examine statistics and inference for the purpose of viewing demographic differences. The questionnaire used was passed by expert confirmation. Prior to the actual field study, a pilot study was conducted. Validation and validity of the test are acceptable for research.

Results and Discussion
Respondent Profile
Demographic analysis is conducted on 277 employees in nine Islamic banks in Banda Aceh. The respondents' profile is divided by gender, age, marital status, level of education, length of work, and income. The details are as follows:

Male respondents were 172 (62.1%) and female employee (105) (37.9%). Male employee were somewhat dominating.

Respondents age range under 20 (n = 1; 0.4%) to those between the ages of 41 and 50 (n = 18; 6.5%). Of all the general levels, young people aged 21 to 30 years (n = 179; 64.6%) master the composition.

For marital status, the number of married respondents was 166 (59.9%). More than single respondents (n = 107; 38.6%), and widowers (n = 4; 1.4%).

The distribution of respondents according to the level of education was dominated by those with bachelor degree educated by 193 (69.7%). Followed by a Diploma-educated (n = 32; 11.6%), then High School (n = 29; 10.5%). Some employees also have master's degree / master, which are 23 people (8.3%).

As for the length of work in Islamic Bank, most of the employee have worked between 3 and 5 years at Islamic Bank (n = 105; 37.9%). Followed by 1 to 3 years working age (n = 96; 34.7%), then working more than 7 years (n = 32; 11.6%). Furthermore, it works between 5 to 7 years (n = 26; 9.4%), and the least is working less than 1 year (n = 18; 6.5%).

Respondents’ distribution by income level was dominated by those earning between 3 million and 5 million rupiah as much as 123 people (44.4%). Followed by those earning between 1 and 3 million rupiah (n = 92; 33.2%), then earning between 5
million and 7 million rupiahs (n = 36; 13%). Furthermore, those earning between 7 million and 9 million rupiahs (n = 13; 4.7%), earning more than 9 million rupiahs (n = 12; 4.3%), and the last one earning less than 1 million rupiah (n = 1; 0.4%). The diversity of respondents from the various demographic factors acquired in the study represented the Islamic banking employee in Banda Aceh, Indonesia. Respondent feedback is important information to show the employee’s loyalty criteria in an Islamic perspective.

**Employee Loyalty Level in Islamic Perspective**

Assessment of employee loyalty level among Islamic banking employee in Banda Aceh is measured by the number of mean obtained in five criteria, namely Amanah, Compliance with Leadership, Ikhlas, Responsibility and Welfare at work. These five criteria serve as analytical tools to assess the ideal employee loyalty.

This perception level is measured using Likert scale 6 score, with score 1 - strongly disagree to score 6 - strongly agree. Likert scale 6 scores are progressive scales to avoid neutral answers (Muhammad Yasir Yusuf, 2012; Nor 'Azzah Kamri, 2007). The level of perception survey in the questionnaire is based on the mean score. According to Husein Umar (2005), for Likert scale 6 score, mean score between 1.00 and 2.60 is considered low. The mean score of 2.61 to 4.20 is considered simple and the mean score of 4.21 to 6.00 is considered high.

From the results of the study, generally the level of loyalty of Islamic banking employee in Banda Aceh is high, as can be seen in Table 1 below. The Amanah criterion has the highest mean score of 5.58 with a standard deviation of 0.659. Subsequent follow by Ikhlas criteria (mean 5.47; standard deviation of 0.738). All three are Welfare at work (min 5.22; standard deviation of 0.793), Fourth is the responsible criterion (min 5.14; standard deviation is 0.760). The last is the Compliance criteria on the leader (min 4.96; standard deviation is 0.793).

<table>
<thead>
<tr>
<th>No</th>
<th>Criteria</th>
<th>Mean</th>
<th>SD</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Amanah (trust)</td>
<td>5.58</td>
<td>0.659</td>
<td>High</td>
</tr>
<tr>
<td>2</td>
<td>Compliance with leader</td>
<td>4.96</td>
<td>0.793</td>
<td>High</td>
</tr>
<tr>
<td>3</td>
<td>Ikhlas (sincerely)</td>
<td>5.47</td>
<td>0.738</td>
<td>High</td>
</tr>
<tr>
<td>4</td>
<td>Responsible</td>
<td>5.14</td>
<td>0.760</td>
<td>High</td>
</tr>
<tr>
<td>5</td>
<td>Welfare at work</td>
<td>5.22</td>
<td>0.793</td>
<td>High</td>
</tr>
</tbody>
</table>

Item details in viewing respondents' perceptions of employee loyalty criteria can be referred to in Table 2 below. On the whole, all items have a high level of perception of mean score between 4.44 and 5.73 and standard deviation of 0.549 to 1.277. Only one item shows a simple perception level (min 4.16 standard deviation of 1.271) which is on the compliance criteria of the leader, on the question item "overloaded workload for me".

At the Trust Criteria, out of 7 questions, which have the highest mean is the honesty item on the question "working honestly is important to me" (mean 5.73; standard deviation 0.549). As for the lowest is the "Follow up company assets is important to me" (mean 5.42; standard deviation 0.647). On the Compliance criteria in the leader, the highest mean value in the "I work at the limits and responsibilities" (min 5.22; standard deviation 0.673), and the lowest on the question item "excessive workload for me" (min 4.16; standard deviation 1.272).
<table>
<thead>
<tr>
<th>Criteria</th>
<th>Item</th>
<th>Mean</th>
<th>SD</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amanah (Trust)</td>
<td>1. Working honestly is important to me</td>
<td>5.73</td>
<td>0.549</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>2. Providing quality service to everyone is important to me.</td>
<td>5.54</td>
<td>0.628</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>3. Avoiding non-halal income is important to me.</td>
<td>5.59</td>
<td>0.814</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>4. Accepting the company's assets is important to me.</td>
<td>5.42</td>
<td>0.647</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>5. Denying corruption is important to me.</td>
<td>5.60</td>
<td>0.753</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>6. Paying the employee's salary in time is important to me.</td>
<td>5.65</td>
<td>0.562</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>7. Providing a healthy and safe workplace for employee is important to me</td>
<td>5.53</td>
<td>0.662</td>
<td>High</td>
</tr>
<tr>
<td>Compliance with Leaders</td>
<td>8. Working with always following the leader's work instructions is important to me</td>
<td>5.04</td>
<td>0.771</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>9. I work according to limit and responsibility.</td>
<td>5.31</td>
<td>0.690</td>
<td>High</td>
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<td></td>
<td>10. My communication with the leader is quite harmonious.</td>
<td>5.22</td>
<td>0.673</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>11. Extremely stressful work costs me.</td>
<td>4.16</td>
<td>1.272</td>
<td>Moderate</td>
</tr>
<tr>
<td></td>
<td>12. I am proud to the employer because the company has a social responsibility.</td>
<td>4.99</td>
<td>0.801</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>13. I am loyal to my employer.</td>
<td>5.07</td>
<td>0.842</td>
<td>High</td>
</tr>
<tr>
<td>Ikhlas (Sincerely)</td>
<td>14. For my intentions to play an important role in the implementation of work.</td>
<td>5.29</td>
<td>0.723</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>15. In my work I hope the pleasure of God</td>
<td>5.70</td>
<td>0.595</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>16. I consider my work will be asked for accountability before God</td>
<td>5.65</td>
<td>0.669</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>17. Working diligently is not solely for the award</td>
<td>5.29</td>
<td>0.889</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>18. Equitable salary influences the spirit of work</td>
<td>5.47</td>
<td>0.836</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>19. Awards because of work achievement need to be awarded</td>
<td>5.46</td>
<td>0.719</td>
<td>High</td>
</tr>
<tr>
<td>Responsible</td>
<td>20. Working with the terms and conditions set by the employer is important to me</td>
<td>4.82</td>
<td>0.853</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>21. Having sense of accountability in working error is important to me</td>
<td>4.96</td>
<td>0.680</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>22. Optimum in use of time and membership is important to me</td>
<td>5.30</td>
<td>0.746</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>23. The problem of this company is also my problem</td>
<td>4.90</td>
<td>0.797</td>
<td>High</td>
</tr>
<tr>
<td></td>
<td>24. There is a guarantee for employee career development is</td>
<td>5.35</td>
<td>0.791</td>
<td>High</td>
</tr>
</tbody>
</table>
important to me | 5.50 | 0.695 | High
--- | --- | --- | ---
25. There is a safety guarantee to the employee is important to me | 5.50 | 0.695 | High

**Welfare at work**

26. The value of fraternity of fellow employee and leaders is important to me | 5.48 | 0.710 | High
27. There is no discrimination in my workplace | 5.05 | 0.937 | High
28. Easy competence needs to be grown | 5.32 | 0.677 | High
29. Promotion of promotion needs to be done fairly | 5.51 | 0.684 | High
30. Equal welfare guarantees between employee should be awarded | 5.49 | 0.646 | High
31. Free from prejudice that spoils the spirit of work is important to me | 5.40 | 0.698 | High
32. My salary is always paid on time | 5.49 | 0.635 | High
33. I am always given the opportunity to increase education and training | 4.78 | 1.022 | High
34. I will continue working in this place until I retire. | 4.44 | 1.127 | High

In the Ikhlas criteria the highest score in the question item "In my work I hope the pleasure of God" (mean 5.70; standard deviation 0.595). The lowest mean score is in the "Appreciation because of the job performance" (mean 5.46; standard deviation of 0.719). While in Responsible criteria the highest mean score is on the question item "The existence of security guarantees to employees is important to me" (mean 5.50; standard deviation 0.695) and the lowest in question items "working with the requirements and terms set by the employer is important for I" (mean 4.82; standard deviation 0.853). Finally, in the Welfare benchmark at the highest scoring place of work there is a question item "department promotion needs to be done fairly" (min 5.50; standard deviation 0.684). The lowest is on the question item "I will continue to work here until retirement" (mean 4.44; deviation on 1.127).

The summary of the effects of these five criteria has a high value reflecting high awareness of Islamic teachings. This gives an indication that Muslim banking employees in Banda Aceh have a high awareness of Islamic teachings that affect their loyalty in work.

**Conclusions**

The results of the study state that there are five criteria of loyalty of Muslim employee, i.e., Amanah (Trust), Ikhlas (Sincere), Obedience to Leaders, Responsible and Welfare at work. Of the five criteria, 34 questions were used as a set of measurements. After a review based on these five criteria as a whole shows the level of loyalty of Muslim employee in Islamic banking in Banda Aceh, Indonesia is at a high level.
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