













# 5th ASEAN UNIVERSITIES

ISLAMIC FINANCE

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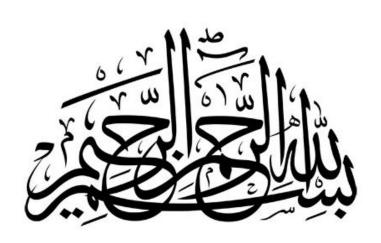
ISSUES, CHALLENGES
AND FUTURE PROSPECT OF
ISLAMIC BANKING AND FINANCE



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# PROCEEDINGS 5TH ASEAN'S INTERNATIONAL CONFERENCE ON ISLAMIC FINANCE

(AICIF) VOLUME 1

# **PROCEEDINGS**

# 5TH ASEAN'S INTERNATIONAL CONFERENCE ON ISLAMIC FINANCE

(AICIF)

## **VOLUME 1**

### **EDITED BY**

# ABDUL GHAFAR ISMAIL ROSE ABDULLAH

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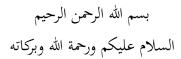
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#### **PREFACE**



The 5TH ASEAN'S INTERNATIONAL CONFERENCE ON ISLAMIC FINANCE (AICIF) was jointly organized by Universiti Islam Sultan Sharif Ali and Co-partners (Universiti Islam Antarabangsa, Malaysia; Universitas Islam Negeri Sunan Kalijaga, Jogjakarta, Indonesia; Universitas Islam Sultan Agung, Semarang, Indonesia; Universitas Darussalam Gontor, Indonesia; Mindanao State University of Philippines; Universiti Fatoni, Thailand) convened at Parkview Hotel, Jerudong, Brunei Darussalam on 13-14 December 2017. The conference centred on six sub-topics, namely, capital market, compliance and governance, Islamic banking, Islamic social finance and Islamic economics.

The 5th AICIF was guided by the three pillars under the vision of ASEAN: A Community of Opportunities that are, ASEAN Political-security Community, ASEAN Economic Community (AEC) and ASEAN Socio-cultural Community. AEC envisions ASEAN as a single market and production base, a highly competitive region, with equitable economic development, and fully integrated into the global economy. AEC can be realized, if ASEAN moves towards free movement of goods, services, and investments as well as freer flow of capital and skills. A free movement of services means that Islamic finance has an important role in realizing such goals.

The discussion on capital market highlighted the instruments that are traded in those market such as mutual funds, shares and sukuk. The discussion also highlighted that capital markets are increasingly interconnected in a globalized economy.

The sub-theme on compliance and governance raised the issues of having a good governance and a complaint based Islamic financial institutions. Both are important to have an impact on the transparency of the guidelines and the performance of Islamic financial institutions.

There are several issues that were reported by several papers in this conference on Islamic banking. Among the issues are: the future demand for Shariah-compliant financial services which remains bright, an effort to establish a complete set of eco-system in Islamic finance that comprises halal products and services, green environment and maqasid shariah, bridging Islamic financial literacy and halal literacy: The way forward is to create a Halal Ecosystem.

The discussion on Islamic social finance covered three main instruments namely waqf, zakat and microfinance. These instruments were recognized as tools to help in realizing the objectives of socioeconomic development. The sub-theme on Islamic economics mooted the idea that Islamic finance leads to development. Islamic finance had grown in response to demand or supply. Both might boost the development of Islamic finance (e.g. demand for Islamic financial services and supply of funds for helping the economic development).

Abdul Ghafar Ismail and Rose Abdullah

**Chief Editors** 

# IMPROVING PERFORMANCE THROUGH FASTABIQUL KHOIRAT SPIRIT, RELATIONAL SATISFACTION AND EMOTIONAL BONDING

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#### **ABSTRACT**

Islamic universities play a role as one of the institutions producing qualified human resources to improve Islamic Financial Institutions. This study aims to test empirically how to improve lecturers' performance through relational satisfaction, emotional bonding and *Fastabiqul Khairat* spirit. The population in this study was all lecturers of private Islamic universities in Central Java involving 150 respondents. The SPSS program was used to test the effect between the independent and dependent variables. The findings showed that there was positive and significant effect of relational satisfaction on emotional bonding. The positive and significant effect was also shown by relational satisfaction and *Fastabiqul Khairat* spirit on performance, but the positive effect was not significant indicated by emotional bonding on performance. These findings can be interpreted that the bonding created by relational satisfaction is not able to affect performance. This is allegedly due to the age factor of most respondents who are not productive anymore and bonding which occurred only limited to maintain their status and willingness to be in a comfort zone so as not to be able to pursue the demands of colleges which are increasing. Based on these conditions, organizations may improve performance by creating a working atmosphere and awareness that stimulate the spirit of *Fastabiqul Khairat*.

**Keywords**: Relational Satisfaction, Emotional Bonding, Fastabiqul Khairat, Performance

#### INTRODUCTION

#### **Background of the Study**

Indonesia is a predominantly Muslim country. This creates a market potential for marketing products with sharia principles. An institution which bases its activities on sharia principles requires human resources who have same values of understanding. Human resources like this can only be generated by educational institutions which are based on sharia principles, such as Islamic universities.

Institutions of higher education have an important role in creating excellent human resources. Graduates' competence can not be separated from lecturers' performance. The lecturers' performance is measured from the accomplishment of *Tri Dharma Perguruan* (three duties of university) namely: teaching, research and community services. To meet the demands of increasingly tough performance, a lecturer should have high achieving motivation. Achieving motivation is defined as an attempt to achieve success in competition with a measure of excellences which may either be someone else's achievement or self-achievement (Mc Clelland, 1987). Hall and Linsay (1978) stated that in the sense of achievement motivation, it contains a spirit to challenge yourself, compete with and overrun others. This achieving motivation will have an effect on performance (Goleman, 1999).

In addition to achieving motivation, lecturers' performance can be improved by Organizational Citizenship Behavior (OCB). OCB is defined as an individual contribution in exceeding role demands in a workplace. People with OCB behaviors like to help others, be volunteers for extra tasks, obey rules and procedures at work (Aldag and Resckhe, 1997).

Studies done so far are still looking at the two concepts separately. Whereas, in Islam, we recognize *fastabiqul khairat* concept. The concept is a combination of achieving motivation concept and OCB concept. It is a unique and comprehensive concept in Islam. It also contains two dimensions of time, namely the world and the hereafter dimension. In the concept of *fastabiqul khairat*, an individual will always be at forefront and always want to pursue backwardness.

Nevertheless, the spirit to lead in front should always be followed by the spirit of mutual helps between individuals in order to also be in front of it. In the Quran, there is also a command, saying that 'what you love for yourself, make it also for others'. Although total individual performance still contributes to overall performance of an organization, but if individuals can be more stimulated by mutual helping and competing, then the performance of the organization can be further increased. In the Quran, in Al-Baqarah verse 148, it has explicitly been stated that every Muslim is obliged to be firm in doing good things. It is not not only doing good things but also continuously trying to compete each other, because good things are the the things that lead us to be the best people. In the spirit of fastabiqul khoirat, there are several dimensions, namely productivity, spirit to lead, mutual help and eagerness to catch lags up. Productivity is influenced by relational satisfaction and emotional bonding between employees and organization. Relational satisfaction is a thing which will create an emotional bond. Employees who have high emotional ties to an organization are more productive and more loyal (Heskett and Sasser, 1999).

#### Statement of the Problem

Based on the phenomenon gap above, the statement of the problem in this study is "How to improve lecturers' performance through *fastabiqul khairat* spirit, relational satisfaction and emotional bonding?".

#### **Objectives of the Study**

- Describing and analyzing models of performance improvement through *fastabiqul khoirat* spirit, relational satisfaction and emotional bonding of Private Islamic University lecturers in Central Java.
- Developing models of performance improvement through *fastabiqul khoirat* spirit, relational satisfaction and emotional bonding of Private Islamic University lecturers in Central Java.

#### Significance of the Study

Individual performance will improve organizational performance. Individual performance is influenced by relational and emotional bonding. However, based on literature reviews, it indicates that individual performance is still based on individual orientation and there is no spirit to do mutual help and compete in good deeds yet. So far, achieving motivation and Organizational Citizenship Behavior (OCB) are believed as performance-forming variables. Unfortunately, these two concepts are separately understood and have not comprehensively been understood. In fact, we are familiar with a unique concept that can integrate both concepts, namely *fastabiqul khairat* concept. Besides its broad meanings, *fastabiqul khoirat* spirit also contains two dimensions of time, namely virtues in the world and in the afterlife. The spirit itself is what will increase the performance.

#### LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

#### **Performance**

Performance is something measurable, dynamic, relative and multidimensional (Gama, 2011). It is called measurable because it is vulnerable to being measured, instead of an abstract concept. It is dynamic because the choice of indicators is not a static reality, but it is always developing. It is relative because the fact shows that performance context involves comparison. Individual performance is an achievement gained by a person in terms of both quantity and quality in carrying out his/her functions in accordance with responsibilities given to him /her (Mangkunegara, 2002). Gibson (2003) states that performance is the result of work related to organizational goals. There are many factors affecting performance, such as efficiency and effectiveness of work (Prawirosentono, 1999).

Meanwhile, indicators to measure performance are quality, quantity, timeliness, effectiviteness and independence (Robbin, 2002). Sunarto (2003) states that high performance is achieved due to high mutual trust among members. It takes a long time to build it up. Performance assessment can be used as a feedback on certain issues, such as measurement of fatigue, training needs, career development and so on (Siagian, 2008).

Lecturer is one of the important components in producing excellent human resources. An excellent product can only be created by an excellent resource. Therefore, lecturer should have excellent performance. For lecturers, their performance is assessed in accordance with the *Tri Dharma Perguruan Tinggi* (three duties of university), namely education and teaching, research and development of scientific works and community services (Kemenristek Dikti, 2010).

#### Fastabiqul Khoirat

The *fastabiqul khoirat* concept is something special in Islam. In other religions, they may just call for good deeds, however in Islam, there is a call for "a race". One another must strive to be the best and foremost in accordance with one's ability, continuously fight for it and try to precede to be in front position. By seeing what other people do, there is a desire to do the same. This appeal is addressed to everyone, so they will be heading forwards. However, it should all be done with the spirit of progressing together, there is no jealousy or disadvantages to other parties. Therefore, in the spirit of *fastabiqul khoirat*, there are several dimensions, namely productivity, spirit to lead, mutual help and eagerness to pursue. High performance can be achieved from ability and hard work, colleagues' helps, good leaders (Timpe, 1993).

In the Quran, in Al-Fatir verse 32, Allah describes human beings in 3 groups, namely: 1) the wrongdoers, ones whose evil deeds are more than good ones, 2) the middle ones, meaning that at one time they do good, but at another time, they still do bad, 3) people with *fastabiqul khoirat*, who always do good and never give up the opportunity to do good. If there are other people doing the same thing, then they will try to do it in their best quality (*Ahsanu Amala*) and continuously (*istiqomah*).

Besides the command to precede each other in goodness, there is a veiled command to help each other. It is in accordance with the command in the Quran, saying that 'what you like for yourself, then make it for others'. So, with the spirit of helping each other, there is no jealousy in it. Buya Hamka once said that when fastabiqul khoirat has become a character, then a great person will be gained. A great person will increase his/her working quality, encourage and promote the work, which leads to the growth of excitement, encouraging us to carry out our work so as to gain more inspiration to break through all difficulties.

#### **Relational Satisfaction**

The degree of relational satisfaction depends on the appropriateness of organizational contribution in assisting an individual in achieving their goals (Bullock, 1952; Mael and Ashforth, 1992). Individuals will feel close to an organization if the organization helps them achieve their personal goals and if they are satisfied with the institution's offers. This is also supported by Bhattacharya et al. (2002).

The concept of relational satisfaction is consistent both in terms of organizational relationship with consumers (external customers) and with employees (internal customers). Many companies focus on high satisfaction because it is easy for satisfied people to change their minds when achieving a better offer, but those who are very satisfied find it difficult to change their minds. High satisfaction creates an emotional closeness to brands and high customer loyalty.

Spreng, Mackenzie and Olshavsky (1996) also suggest that total satisfaction from consumers is determined by satisfaction with product attributes, information obtained, and perceptions of product performance.

Satisfaction arises in (external) customers' minds when they compare the product performance and their expectations. When the product performance exceeds their expectations, then consumers will be satisfied. In other words, if the perception of product value is high, consumers will then be satisfied (Spreng et al., 1996). This opinion is also supported by Kotler (2001) who states that the perception of consumers' value is a determinant of consumers' satisfaction. While Fornel et al. (1996) also states that the perception of value is a determinant of consumers' satisfaction. From the point of employees' (as internal customers) view, they will provide a sense of ownership if the organization provides total human reward (Tjiptono, 2006)

In consumers' context, affective forces bind consumers to service providers because of their desires. This reflects the consumers' psychological ties (Gruen et al., 2000) with service providers and this is similar to the loyalty commitment described by Gilliland and Bello (2002). Many studies have proved that there is an influence between trust, satisfaction and both of which drive the effective commitment (Garbarino and Johnson, 1999; Morgan and Hunt, 1994; Hennig-Thurau et al., 2002).

The findings are consistent with the studies related to organizational commitment literature. Irving and Meyer (1997) argue that experience is a strong predictor of affective commitment. Meta Analysis research has shown overall job satisfaction such as salary satisfaction, promotion satisfaction and supervision satisfaction have strong influences on affective commitment (Meyer et al., 2002). Satisfied employees are willing to establish relationship with organizations, increasingly wanting to devote resources to the organization and to provide the best for the organization, so that their performances are getting increased (Heskett and Sasser, 1999).

H1: the higher the relational satisfaction is, the stronger the emotional bonding.

H2: the higher the relational satisfaction is, the stronger the fastabiqul khoirat spirit.

H3: the higher the relational satisfaction is, the better the performance.

#### **Emotional Bonding**

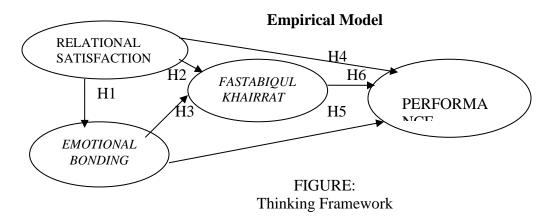
Organizational commitment is an emotional response, defined as a feeling of like or dislike towards a workplace organization (Robbin, 2003). A person who has an emotional bond will be interested in the goals, values and objectives of the organization as indicated by the individuals' acceptance of the organization's values and objectives, having a desire to affiliate with the organization and a willingness to work hard for the organization to make individuals feel at ease and still want to stay in the organization, achieving organizational goals and sustainability. Affective commitment is to reflect an emotional bond with the commitment object (Allen and Meyer, 1990). Affective commitment arises because of satisfaction and trust (Bansal, Irving and taylor, 2004). Commitment is based on emotional bonding with partners and causes a sense of belonging or 'part of the family' and raises more motivation to engage in organizational activities (Auh et al., 2007).

There are three aspects of organizational commitments according to Schultz and Schultz (1993), which are acceptance of organizational values and goals, willingness to strive for the organization and having a desire to affiliate with the organization. Meyer and Allen (1993) reveal three components of organizational commitments, namely: 1). Affective commitment, occurs when employees want to be a part of an organization because of emotional attachment or have same values with the organization. 2). Continuance commitment, which is the willingness of individuals to remain in the organization because they do not find other jobs or because of certain economic rewards. 3). Normative commitment, arising from the values of employees who think that they survive to be members of the organization because of the awareness that committed to the organization should indeed be done. Employees who are determined to devote all their resources to the company and do not want to move to another company will be more productive and better performance. These all will create an emotional bond between the customer and the company.

H4: The stronger the emotional bonding is, the more excited for the fastabiqul khoirat

H5: The stronger the emotional bonding is, the better the performance.

H6: The stronger the spirit of fastabiqul khoirat is, the better the performance



#### METHOD OF THE STUDY

#### **Variables and Indicators**

No	Variables	Indicators	Sources
1	Lecturers' Performance	<ul> <li>Accomplishment of teaching targets</li> <li>Accomplishment of research targets</li> <li>Accomplishment of community service targets</li> </ul>	Ministry of Research, Technology and Higher Education (2010)
2	Fastabiqul Khairat Spirit to compete in goodness	<ul> <li>Always wanting to be the best</li> <li>Spirit of helping other lecturers</li> <li>Always wanting to pursue</li> </ul>	The Quran, Al Baqarah verse 148
3	Relational Satisfaction Feelings of joy and sincerity after consumers establish relationship with organization	<ul> <li>Feeling happy to be part of the company</li> <li>Feeling of fulfilled spiritual needs</li> <li>Getting an Islamic working atmosphere</li> </ul>	(Hong and Yang, 2009)
4	Emotional Bonding is individuals' acceptance of organization's values and purpose and having a desire to affiliate with the organization and willingness to work hard for the organization so as to make individuals feel at home and still want to stay in the organization.	<ul> <li>Dare to sacrifice for the organization</li> <li>Wanting to stay within the organization in the long run</li> <li>Not wanting to move</li> <li>Defending the organization</li> </ul>	Kwortnik et al. (2011)

#### FINDINGS AND DISCUSSION

#### Description of Respondents Based on Gender.

Table: Gender

No	Age Category	Total	Percentage
1	Male	63	42
2	Female	87	58
	Total	150	100

Source: Primary Data Processed, 2017

Table: Education

No	Educational Level	Total	Percentage
1	Bachelor Degree	11	7.3
2	Magister Degree	91	60.7
3	Doctoral Degree	48	32.0
	Total	150	100

Source: Primary Data Processed, 2017

Table: Age

No	Age Category	Total	Percentage
1	25 - 34 years old	28	18.7
2	25 - 44 years old	41	27.3
3	45 - 54 years old	47	31.3
4	55 - 65 years old	34	22.7
	Total	150	100

Source: Primary Data Processed, 2017

**Table: Working Duration** 

No	Age Category	Total	Percentage
1	1 sd 9 years	28	18.7
2	10 sd 19 years	45	30.0
3	20 sd 29 years	42	28.0
4	30 sd 39 years	35	23.3
	Total	150	100

Source: Primary Data Processed, 2017

#### RESEARCH METHOD

#### **Sample Population**

The population in this study was all lecturers of Private Islamic University (PTIS) in Central Java represented by three leading PTIS, namely Unissula, Unwahas and Unimus. Sampling technique used was using accidental sampling and sample of 150 people were obtained.

#### **Data Quality Test**

#### **Validity Test Results**

The validity testing used pearson correlation. Based on the table of validity test results, it was found out that the value of pearson cerrelation for all indicator items of relational satisfaction, emotional bonding, *fastabiqul khairat* spirit and performance variables was declared valid because the correlation result between the results of respondents' answers on each indicator item with a total score was significant (< 0.05).

#### **Reability Test Results**

Reliability test is to measure the reliability of an indicator of a variable or construct. Based on the reliability test, the *cronbach alpha* value for all variables was > 0.60. It can be concluded that the respondents' answers to the question were consistent or stable from time to time.

#### **Classical assumption test**

Classical assumption test was done and proved that the data met normality requirements, neither multicolinearity nor heteroscedasticity occurred.

#### **Regression Equation:**

Equation 1: X2 = 0.251X1 + eWith adjusted R2 of 0.056

Equation 2: Y1 = 0.282X1 + 0.169X2 + e

With adjusted R2 of 0.12

Equation 3: Y2 = 0.463X1 + 0.011X2 + 0.153Y1 + e

With adjusted R2 of 0.27

Based on the regression equation, it was found out that all independent variables had a positive relationship with dependent variables. Of all dependent variables, Relational Satisfaction variables had the greatest influence, both on *Fastabiqul Khairat* spirit and performance. This explains that in order to create *Fastabiqul Khairat* spirit as well as to improve performance, a lecturer should be feeling happy to be in the organization and his/her spiritual needs should be fulfilled.

The adjusted  $R^2$  value indicating the ability of the independent variables to explain the dependent variables was below 27%. This shows that there were still many other variables (73%) affecting performance.

#### FINDINGS AND DISCUSSION

The first hypothesis ( $H_1$ ) stated that relational satisfaction had a significant positive effect on emotional bonding received. Regression test results showed the value of pvalue (sig) = 0.002 < 0.05 with beta value 0.251.

The second hypothesis ( $H_2$ ) stated that relational satisfaction had a significant positive effect on *fastabiqul khairat* spirit accepted. Regression test results showed the value of pvalue (sig) = 0.001 < 0.05 with beta value of 0.282.

The third hypothesis ( $H_3$ ) stated that emotional bonding had a significant positive effect on *fastabiqul khairat* spirit accepted. Regression test results showed the value of pvalue (sig) = 0.035 < 0.05 with beta value 0.169.

The fourth hypothesis (H<sub>4</sub>) stated that relational satisfaction had a significant positive effect on performance accepted. Regression test results showed the value of pvalue (sig) = 0.000 < 0.05 with beta value 0.150.

The fifth hypothesis ( $H_5$ ) stated that emotional bonding had a significant positive effect on performance rejected. Regression test results showed the value of pvalue (sig) = 0.885> 0.05 with beta value 0.011.

The sixth hypothesis (H<sub>6</sub>) which stated that *fastabiqul khairat* spirit affecting performance was accepted. Regression test results showed the value of pvalue (sig) = 0.043 < 0.05 with beta value 0.153.

This study has supported previous studies (Garbarino and Johnson, 1999; Morgan and Hunt, 1994; Hennig-Thurau et al., 2002) stating that satisfaction can be an effective commitment booster. Affective commitment is to reflect an emotional bond on the object of commitment (Allen and Meyer, 1990). Affective commitment arises because of satisfaction and trust (Bansal, Irving and taylor, 2004). A lecturer who has established relationships in Islamic institutions certainly wants fulfillment of their material and spiritual needs. These spiritual needs, one of which may be organizational support for their ritual activities. Relational satisfaction is what generates emotional bonding between employees and organization so they want to stay in the organization, not wanting to move to another organization and willing to defend the organization.

Fastabiqul khairat spirit is a unique and special concept in Islam which is the development of achieving motivation and OCB concepts. If other religions call for good deeds only, but in Islam (in many interpretations), it also considers 'the race' (in goodness) and tries one another to pursue each other with the best quality (ahsanu amala) and does it consistently. In the spirit of fastabiqul khairat, it allows a collaboration among individuals and instead of personal egoism. The Quran in Mu'minun verse 61 mentions 'They hurry soon in reaching for good, And they are the ones who earn it first".

The notion of giving the best in the concept of *fastabiqul khairat* is not only viewed from individual angle, but has been adapted to our colleagues' performance who always want to lead in achievement and always want to pursue their lags (*fastabiqul khairat*). In the spirit of *fastabiqul khoirat*, there are several dimensions of time, the world and the hereafter dimension. The first contains spirit to be more productive, to lead, help each other and always want to pursue lags. The latter refers to seek for God's blessings.

The spirit to be more productive contained in *fastabiqul khairat* concept would be better if employees could feel the relational satisfaction with the organization (indicated by the significant positive results of hypothesis test 3). Frenc in Mc Clelland (1987) states that individuals with high achieving motivation work more efficiently after getting feedbacks. Heskett and Sasser (1999) argue that satisfied employees are willing to relate to the organization, increasingly wanting to devote resources to the organization and to provide the best for the organization, so that their performance is increasing (shown significant positive H4 test results).

However, the findings of this study (based on insignificant positive H3 test) did not succeed in proving Heskett and Sasser's statement (1999) suggesting that employees who had emotional bonding with the organization would devote all their resources to the organization so that their productivity increased. The possibilities leading to the findings of this study inconsistent with previous studies were that most respondents (54%) were at a mature age. The existence of emotional bonding embodied in the form of a desire to dare to sacrifice for the organization and to remain in the organization was due to the fact that they felt experiencing an Islamic work atmosphere and had fulfilled thier spiritual needs. Fulfilling the spiritual needs of a muslim is very important and private. Conditions being in such comfort zone was the possibility in which they did not want to move to another organization. This is supported by Bhattacharya (2002) who stated

that individuals would feel close to the organization if the organization helped them achieve their personal goals and if they were satisfied with the organization's bids.

Although emotional bonding they felt was proven to trigger the *fastabiqul khoirat* spirit (indicated by significant positive H2 test results), but it could not trigger performance directly (indicated by insignificant positive H4 test results). This was likely because the lecturers had tried to provide the best for the organization and tried to catch with them up, but the higher performance demands as a result of the tight competition and accreditation demands caused them to not afford it.

#### **CONCLUSION**

The findings of this study proved the importance of improving the *fastabiqul khiorat* spirit in creating performance because it turned out that emotional bonding did not solely succeed in improving lecturers' performance. Therefore, the decision makers should have created a working environment which could possibly lead to the creation of the spirit of competing and helping each other in goodness.

Understanding the importance of competing to present the best performance at the same time to persuade and help colleagues to achieve the same is necessary. Timpe (1993) states that high performance can be gained from ability and hard work, colleagues' help and good leaders. The increase of understanding about Muslims' obligations to always work hard in the Quran in Al-Qashashah verse 77; Al-Jumu'ah: 11; At-Taubah: 108, should always be internalized in various programs. Tamara (2002) states that the work ethic originating from the Quran raises a very powerful call from the bottom of the heart to produce maximum results. Allah will never change people's fate unless they themselves who seek to change it (Ar-Ra'du: 11). Buya Hamka, a great Indonesian scholar, says that once *fastabiqul khoirat* becomes a character, great personalities are to be gained.

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