

Workplace Spirituality and Employee Engagement for Islamic Financial Institution: A Conceptual Model

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Abstract Islamic financial institution is one of pillars in Islamic economics. One of determinants of its organizational performance is the quality of human resources occupied by the institution which can be termed as service employee. As a Muslim community, This study need to perform and reflect all activities regarding to the maintenance of human resource based on Al Qur'an and Hadith. Human resources are the main capital to create competitive products and services which can further build community welfare. Therefore, Islamic values need to be implemented and assimilated into all activities to manage human resource. Workplace spirituality and creative process engagement take role as requirements for spiritual wellbeing which are important for the employees. This paper deals with the propositions of the relationship between spiritual leadership, spiritual well-being, creative process engagement and organizational performance. This study starts with the development of conceptual definition along with the indicators and references from Al Qur'an. The future research agenda is also explained to guide how to validate the proposed model.

Keywords: Islamic financial institution, service employee, spiritual workplace

1. Introduction

Shari'a banking institution and other Islamic financial institutions are important elements in shari'a financial that support funding for Islamic economics-based activities. We call this institution as part of service enterprises. Service enterprise is defined as a commercial enterprise that provides service through expert manner by an individual or team for the benefit of the community. While service is acknowledged as one special product which combines entities and intangibility (Wang, Tian, & Zou, 2011). The strength of service enterprise like shari'a banks relies on its human resource quality, especially human resource that gives service and communicates with the client. This type of employee can be termed as 'service employee'. Service employee and non-service employee have different significance in an organization. Service employee is an employee that has direct communication with the client or customer. Therefore, the employee should has a skill on service behavior. This service behavior will influence customer satisfaction which significantly contributes on organizational performance. (Peccei & Rosenthal, 2001) emphasize that employee willingness and employee capacity are significant to enhance employee performance. *Employee Willingness* is conceptualized from affective, normative, calculative commitment. It is also derived from altruistic orientation to service the customer. Employee capacity has been measured with seven variables related to employee knowledge, employee competence, empowerment and resource availability.

Previous research has shown a relationship between commitment and altruistic factors towards employee willingness. Employee willingness is a fundamental basis for HRM practices. Basically, this is because employee willingness is considered highly unrealistic to require

employees to convey ideas, hard work and commitment without providing them wellbeing and future career path. Employee wellbeing has high contributions on the psychological contract which will make the relationship between the organization and the employees become tightly and trustworthy. However, there are still few organizations that demonstrate attention on employee wellbeing. Creating employee wellbeing does not mean that employees must be hired for life, nor to retain employees who are low performers. It focuses on an attempt to avoid 'job reduction' and employees are expected to manage their involvement in the organization.

Employee wellbeing is also an attempt to achieve organizational flexibility. Organizations should not regard human resources as a variable cost but as a critical asset in the long-term viability and success of the organization. The above explanation states that all of the business activities are interconnected to determine the high commitment of human resource development practices. Similarly, they would be happy to work together as a team if their incentive is designed to be based on performance, ownership sharing, and participation in training program. However, all of these strategies will be difficult to achieve without the support of organizational culture and leadership. Organizational culture is a pattern of beliefs and values that are practiced as a pattern and gives a special meaning for the individual to be the basis of the guidelines for the organization's behavior. Organizational culture is informal or unwritten, but has an important role as a way of thinking. Instilling a sense of concern for subordinates in every work will contribute greatly to the success of service organization. Conversely, little involvement and concern for subordinates in work will make employee less creative and less productive. Therefore, it needs a creativity-based strategy to increase the productivity of service employee in a service organization.

Some structural constraints that make service organization more proactive are by developing creative strategies and synergistically enhancing service performance and actively engaging the consumer. Moreover, there is lack of research that examines practical, strategic and creative ways to improve the performance of service employee and customer engagement. We need to change the "mindset" of consumers to voluntarily accept the concepts and services offered by an organization. This paper proposes a comprehensive, synergized model based on demand and supply side to create employee and customer engagement. This model can be used for Islamic financial institution to create HR development program and customer involvement. A strategic, creative, and practical models that prioritize the engagement between the service organization (supply side) and the engagement between the service employee and consumer (demand side) in order to realize the vision of the organization. Strategy-based creative process and creative collective engagement are believed to be able to improve the performance of service organization.

2. Literature Review

2.1. Spiritual Leadership and Spiritual Wellbeing

Leadership is a factor that is widely discussed, because both the government and the community are increasingly aware that the achievement of the goal of national, regional or local relies on the leadership of a system which leads agency, companies, institutions and so on. This can be

explained that an organization will succeed or fail largely determined by the leadership, where the leader is responsible for any implementation of such task. A leader compared to other leaders would have different nature, habit character and personality. In special situations a leader always require a special type of leadership as well. The properties of the leader must correspond to the needs of the organizations concerned and in accordance with the situation. So it can be concluded that the success of an organization, largely determined by the leadership. One of the tools to assess the success or failure of a leader can be done by observing and recording the nature and quality of the behavior or leadership style that is used as a criterion for assessing leadership.

In a rapidly changing global world, people need leadership aside of work ethic. Spirituality should be regarded as an integral component of leadership. Spiritual leadership regards to members who ask, think, perceive, assess, and act in a community with team spirit rather than acting individually. This means that teamwork is supported in spiritual leadership rather than individual work. Spirituality gives inner knowledge through public awareness with a higher power. It also requires a deeper intuition and emotional activity. Spiritual leadership also ensures some important properties for the organizations, such as self-actualization and meaning in life, which can then provide the health and well-being workplace (Al Arkoubi, 2013). Some well-known researchers such as (Schneider, White, & Paul, 1998) and (Fry, Hannah, Noel, & Walumbwa, 2011), conducted researches on spiritual leadership, because spirituality facilitates the achievement of performance, provides ethicality and inhibits the stress in the organization (Beekun & Badawi, 2005).

The above statement explains that, spiritual leadership plays an important role in achieving the organization's effectiveness. On the other hand, they it hampers mental escape from the work environment and try to find a better way for the ethics of their it followers. Moreover, spiritual leadership aligns expressions of affection and wisdom and makes the followers willing to carry out the responsibilities that have been given. Therefore, it can be concluded that spiritual leadership which regards to the moral, ethical and transformational leadership and defends the integrity, kindness, honesty, teamwork, know, congruence, wholeness and interconnectedness is highly needed. Spiritual leadership also often supports values such as harmony, love, affection, unity, peace, truth or honesty. Thus, cynicism, impatience, greed, envy or moral decline will be reduced in the business. These values are needed to create spiritual workplace and employee wellbeing. The general definition of spiritual leadership is that behavior, values and attitudes of leader motivates the members of the organization to have a better sense of spiritual life through organizational organizations (Bell, Rajendran, & Theiler, 2012).

(Fry et al., 2011) are the first researchers that integrate the idea of workplace spirituality and leadership, develop the theory of spiritual leadership in the leadership literature. Spiritual leadership theory suggests that there is a positive relationship between the spirituality of work and the values and attitudes of leaders. Leadership theory is rooted in the model of intrinsic motivation that combines vision, hope, and love in describing an effective leader. (Fry et al., 2011) define spiritual leadership as values, attitudes, and behaviors needed to intrinsically motivate ourselves and others so that they have a sense of spiritual life through calls and membership. (Nik Ab. Rahman et al., 2013) mention that there are four main dimensions of spiritual leadership, namely religiosity, relationship with members of the organization, the achievement of goals, and a good division of employee.

In the end, it can be concluded that if the provision of spiritual leadership shows closeness with employees, respect, appreciate its needs and maintain relationships with employees; and the leaders show the attitude of high spiritualism, then the process of engagement with employees is suspected to be more successful. Although a spiritual leader is very effective and efficient in their work, but he does not feel busy, does not feel to be important, and does not be stingy to serve others. Instead he remains relax, friendly and mediocre. He can still concern with important matters and does not matter any ignorance. This is because he has a personal awareness and sturdy identity. He has a deep trust that God always guides him. This (recognition of identity and closeness to God) is able to make him happy wherever he is. It is stated in Hadith: "man 'arafa nafsahu faqad' arafa rabbahu" (whoever knows himself will know his God), and al-Qur'ân says: "Know, by presenting God in him, the heart will be calm". Therefore, the first proposition is as follows:

Proposition 1: Spiritual leadership will create spiritual wellbeing in workplace

2.2. Spiritual Wellbeing and Creative Process Engagement

The first strategy to execute the concept of employee engagement is to provide intrinsic wellbeing to the employees in the organization. Intrinsic welfare is defined as an intrinsic motivation, because it is one of the basic human needs in the workplace. It is intended to foster employees in order to understand its role in organizations as key a stakeholder in the achievement of the vision. Intrinsic welfare has also been identified as an effective strategy for improving service employee's performance. In conjunction with efforts, to increase the performance of service employee, attention to the spiritual wellbeing is something that should be considered. Spirituality in the workplace (workplace spirituality) is a framework of organizational values which is realized through the creation of a culture through the work routine. The working process is used to facilitate individuals to connect with others that bring prosperity and a sense of fun while working. Workplace spirituality creation will produce spiritual wellbeing (Fry et al., 2011). Spiritual wellbeing in the workplace brings benefits in terms of employee performance and organizational outcomes.

Workplace spirituality is an organizational value as evidenced by the creation of a culture through working process that facilitates an individual to connect with others which will bring feelings of peace and fun when they are working (Petchsawang & Duchon, 2012). These feelings rarely exist in an organization. High spirituality employees are employees who feel that the work done by them will make other people's lives changes, in term of sense, towards spiritual developments and wellbeing concepts. Feeling such as 'the work is very meaningful', 'I have significant contribution to the organization' are believed as key factor to create employee's spirituality. (Fry et al., 2011) show that the meaning / calling and membership can be used to increase organizational commitment and employee productivity.

Spiritual concept in the organization can be generated from the existence of spiritual leadership to apply and articulate vision in a group based on altruistic love. Altruistic love is the true compassion from leaders to followers or between co-workers. The process of leadership that encourages spiritual existence in workplace is spiritual leadership (Fry, 2003). When spiritual leadership exists in order to produce the spirit of employee's sincere work, the process of human

resource development plays role as supporting facilities. This is because in the process of human resource development, appreciation and respect of employees in the organization are vital. Therefore, human resource development facilitates the involvement of employees with the leader which further will produce workplace spirituality. Spiritual wellbeing in the workplace brings benefits in terms of quality of human resources and achievement of corporate goals (Karakas, 2009).

Thus, the creative process that facilitates the process of engagement between leaders and employee or customer will produce spiritual welfare. Furthermore, spiritual wellbeing is measured by degree of calling and membership in the organization (Fry et al., 2011). Calling refers to individuals who feel that working is a matter of conscience which is then poured into a form of devotion and commitment to the organization. While membership is sense of belonging the organization and assumes the co-workers as themselves who need love and compassion as fellows. Hence, proposition 2 is as follows

Proposition 2: Spiritual wellbeing will deliver a creative process engagement between customer and organization

2.3. Creative Process Engagement and Organizational Performance

Study of strategies to increase employee performance in an organization receives high attention in the literature. This is because human resources are the main capital to achieve vision and mission of the organization. Some old-fashioned strategy for improving human resource performance is compensation design, leadership style, motivation, job satisfaction, etc. However, some of the literature reviews state that conditions of organizational changes should be developed further into a creative strategy. Creative strategy is defined as the search for a business idea that leads to the involvement of all stakeholders to achieve common goals (T.M Amabile & Kramer, 2012). This strategy is believed as accomodating all stakeholders' needs in accordance with the collective agreement. One of the creative strategies for improving human resource performance is creative process engagement (Zhang & Bartol, 2010). Creative process engagement is defined as the level of employee involvement in the creativity of the relevant cognitive process with indicators: (1) able to identify the problem, (Schneider et al.) (2) able to search for relevant information to the completion of the work, and (Schneider et al.) (3) able to look for alternative ideas in problem solving (Amabile, 1983; Zhang and Bartol, 2010).

Creative process engagement will have an impact not only on the creativity performance but also on the effectiveness of the overall work. The strategy is to develop attention-based view, which recognizes the limitations of the ability of stakeholders in decision making. Amabile (2011) states that every individual has the capacity of attention and limited cognitive resources. It is also often hamper the ability of HR to focus on a job simultaneously. The spirit of individuals to give their best in their work is also influenced by working stimulus. Based on the literature review, the performance will increase if the creative process is applied in order to encourage the engagement of environmental stimulus to work better. The low level of involvement in the creative process works tends to reflect the low activation of individual businesses. In contrast, too high level of creativity will cause the individual to experience difficulty focusing on business ventures in the entire demands of the task. Such situation would lead to a reduction in overall performance. Therefore, the balance in the creative process engagement facilitated by the

organization will balance the needs of creativity. Creative process engagement is also rooted in the theory of identity role (Zhang and Bartol, 2010). Role theory states that the identity of the individual is mapped out themselves about the appropriate behavior in sharing and internalizing their role as a component of organization. In the next phase, the individual will review themselves, or extract the meaning that is considered derived from the self-respect to a particular role. The role of identity which is related to 'how self' is defined further as hierarchical rank identity . Employees which implement/play dual role while assessing the number of identity become more important than others. (Labianca, Gray, & Brass, 2000) conclude that in the context of organizational change, HR is required to take creative initiatives to foster an action in accordance with the role of HR rather than personal interests. Some forms of engagement between the organization and the employee can be defined as follows:

a. Creative Community Participation

Community participation is recognized as an effective way for members of the organization to focus on their energy and resources to solve problems in the community such as environmental problems and economic problems. When an organization has to organize, plan, share tasks with professional experts or contribute financially and help in making decisions about activities that affect their lives, community will help to achieve their objectives. Some organizations have created their own way to communicate with members regarding with their programs. Research shows that individuals will make better choices in decision making when they are involved in the preparation of program activities. Thus, it takes a more creative method to raise awareness of the organization's members and the involvement of members in decision-making activities. One of the suggestions that has been recommended by the literature is collective creative engagement between leaders, members and community or customers.

(Cour, Josephsson, & Tishelman, 2007) Harvey and Kou (2011) explore the creative process in a group or team. The creative process is designed based on collective engagement. Creative participation is usually based on the conceptualization of a process comprising the steps of preparation, identification of problems, fostering ideas and choosing ideas (T. M. Amabile, 1988). Creativity in groups related to the organization of the production of ideas occurs in the group level. There are four types of creative process that can be used to increase the involvement of community members in a participatory method namely:

a. Brainstorming

Brainstorming is a session by which community members will exchange information. This is the result of a brainstorming of creative ideas for constructive purposes.

b. Sequential

In sequential, a group introduces an idea in the discussion, while the second group elaborates this idea to then discuss it in detail and depth. Results of this method are similar with brainstorming method. The difference is, in sequential, community members often agree on an idea and members of the group might discuss ideas that may be revised. Elaboration and idea combination are essential in creativity.

c. Parallel

The third form is a parallel discussion in one point of time. In parallel discussions, group foster small number of ideas and then discuss the ideas.

d. Iterative

The latter is the form in which members of the group are involved in the creative process. This iterative form usually starts with introduction and discussion of an idea, followed by the introduction of new ideas without comparing with previous idea, and then back to the original idea. The group may discuss some of the ideas in this stage, introducing each point of difference and run the iteration process to conclude with an understanding.

(Cour et al., 2007) mention that this iterative process known as collective engagement, which is defined as the behavior of groups of people to bring ideas, respond to the other party's ideas and information, and dwell on some ideas. They also state that during collective engagement, the group repeatedly reviews the objectives of a program and new ideas. Members of the group evaluating new ideas that fit with the values , task or purpose and timeframe of the group. The use of new ideas is intended to satisfy and challenge the objectives of the group. This will increase the creativity of the group in two ways. Specifically, it will create a group to manage the two trade-offs; first, continuously carry out a review of the group's goals, and secondly, the group members gain direct and indirect feedback from their ideas. Furthermore, these collective engagement creative strategies can be used to enhance the vision of togetherness among the group members.

Proposition 3: Creative process engagement will deliver organizational performance

3. Method

This paper deals with the development of conceptual model on the implementation of workplace religiosity and spirituality for Islamic financial institution as service enterprise. Islam helps in teaching the various manners where people can effectively manage their assets. By this way,/ a Muslim manager cannot only consider ethical value but can also please God (Allah). This paper is based on secondary data which has been collected from books, journals, newspapers, and internet. A conceptual framework has been developed describing the aspects of spiritual leadership and spiritual wellbeing to create engagement between community and institution to create community welfare.

4. Conceptual Model

Based on the literature review above, a conceptual model regarding with the improvement of organizational performance for service enterprise can be drawn as follows:

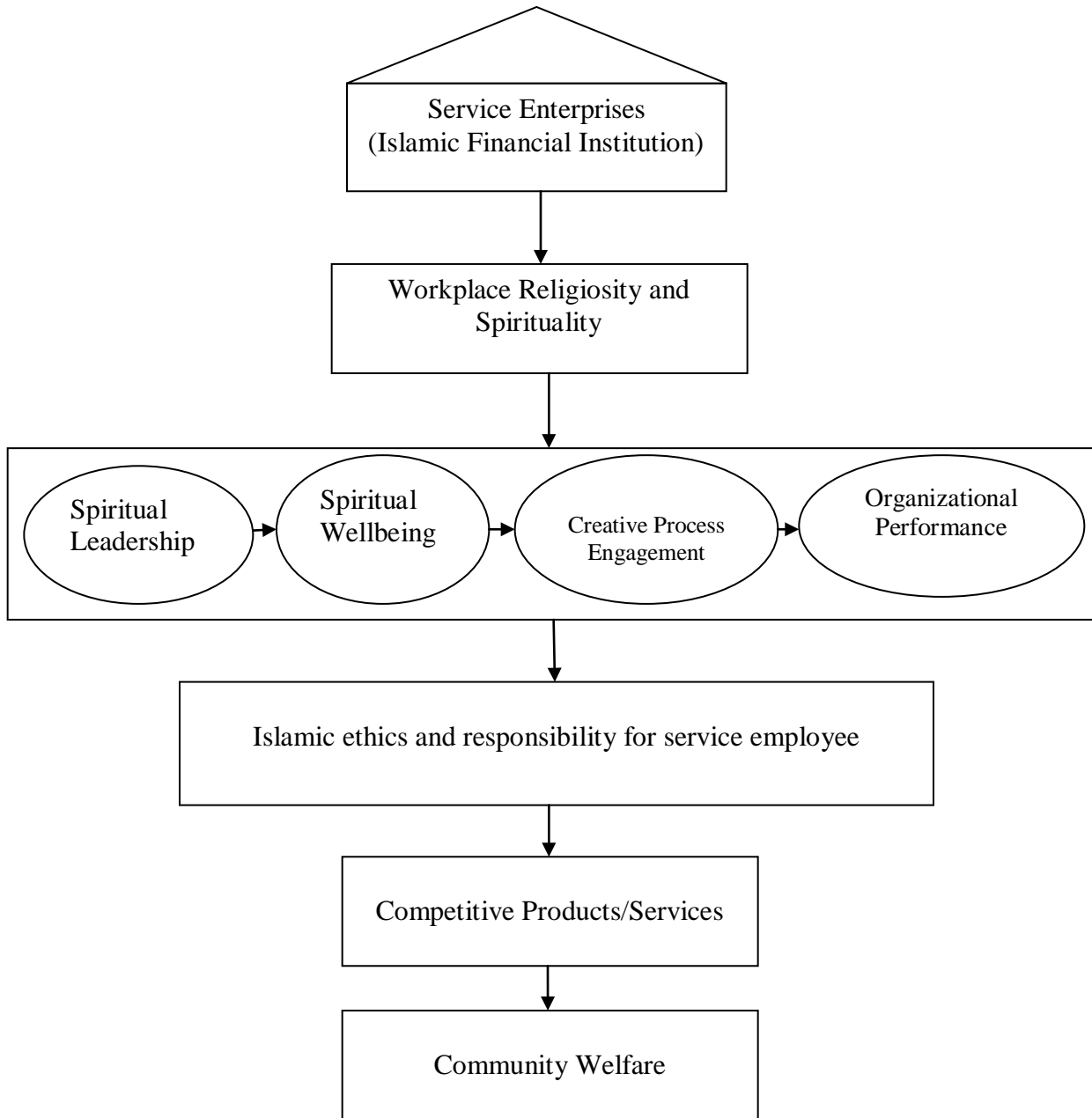


Figure 1. A Conceptual Model on the Relationship between Spiritual Workplace and Community Welfare

In the complex business world, the main task of HRM practices is to manage their employees smoothly, with the objective of enhancing their psychological attachment to the organization (Zeffane & Connell, 2003). The link between HRM practices and organizational outcomes such as commitment, job satisfaction and performance have been discussed widely by scholars (Zeffane & Connell, 2003) and (Zangouinezhad & Moshabaki, 2011). With the development effort to concern on Islamic perspective, it is needed to perform a model to create spiritual workplace and employee engagement to achieve organizational performance. It has been argued that employees are important capital in an organization. From the perspective of Islamic view,

mankind is the most perfect creation of Allah SWT. Human beings are the most precious, endowed with reason and thought. Therefore, an organization should view human resources as a capital that comes from Allah that must be managed properly. Islamic concept in managing human resources is said to be a concept which holds man as the noblest creature. Organizations must understand the basic rights of every organism, so that each of them can contribute very well in the organization. This triggers a view of social welfare values in an organization environment.

A social value is explained as an equality practice for all human beings as they are all created by Allah. We have to respect their personality. As Al Qur'an (5:3) said, the dimensions within the domain of social values are: "Help one another in the righteousness and virtue; but not in sin and transgression". On the other hand, an economic value explains that the basic ownership of everything belongs to God alone (2:108, 3:190) in which one of them are mankind. The purpose of the Islamic economic system is to guarantee that the welfare should distribute equally and remain circulate among all members of the community and should not be occupied only by certain group.

Financial institution as one of service enterprises which takes role as a pillar in Islamic economic, should enrich the skill of the employee. As a service employee, s/he needs to engage with the customer or community who has relationship with financial institution. The institution, therefore, need to develop a creative process engagement. Spirituality and religiosity in workplace are hypothesized as requirements to create creative process engagement which will further enhance the organizational performance.

5. Conclusion and Future Research

For today's environment, people spend most of their life in workplace; therefore, it is needed to develop an Islamic environment to infuse the holy Qur'an in our daily life. Employees are one of the most important factors to increase the productivity. They are the determinant of stability and economic condition of a country. A national productivity depends on the quality of its human resource that should be smart, creative, diligent and professional. Allah has created a Muslim generation as 'khaira ummah' generation (the best society), however, it will not have any meaning if they are not treated as what Al Qur'an said and explained. Therefore, It is needed to develop a scale and measurement to implement this practice in the organization and society so that people can control how far the entities have initiated. In summary, Islam has defined a social and economics values toward the use of people in an organization. A belief of Islamic values has to be operationalized in daily work life, not only as slogan or rumor. Islamic financial institution as one of Islamic economics pillars relies its competitive advantage on the human resource quality. In order to have ethics and responsibility to employees' within an institution, a spiritual workplace is a must. Leadership spirituality and creative process engagement between organization and community will facilitate the creation of high quality of service employees which further can enhance organizational performance and community welfare. The future research agenda includes validation on the proposed conceptual model by using empirical data.

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