Linking Job Satisfaction to Employee Performance: The Moderating Role of Islamic Work Ethics

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ABSTRACT

The most pervasive concern in public sector organizations is declining employee performance and workforce of these organizations are less satisfied with their jobs. The aim of this study is to investigate the impact of Job Satisfaction on employee's performance and how Islamic work ethics moderates the above mentioned direct relationship in the public sector organizations of Pakistan. The data were collected from the sample of 193 permanent employees working in public sector organizations through stratified sampling technique. The results revealed that employees Job satisfaction is significantly related to higher performance. Further, the findings indicated that Islamic work ethics moderates the relationship between job satisfaction and employee performance. The present research has some theoretical and empirical implications for academicians, policymakers, especially of public sector organizations, for the improvement of performance of their workforce.

Keywords: Employee Performance, Islamic Work Ethics, Job Satisfaction, Person-Environment Fit Theory

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Introduction

Public sector organizations are challenged with poor performance of employees in developing countries (Chughtai & Shah, 2020). Employees in public sector organizations feel less satisfied than the corporate sector, which also becomes the cause of low performance (Khan et al., 2021). It has been observed in the earlier studies that job satisfaction (JS) has become an interesting research topic, especially in the context of public sector organizations (DeHart-Davis, Davis, & Mohr, 2015; Overman, 2020). Employees are the main capital of every organization, and especially in public sector organizations, management wants higher performance from their workforce by increasing satisfaction (Khan et al., 2021). It has been observed that satisfied individuals perform their professional responsibilities and achieve organizational and personal goals compared to dissatisfied employees (Demircioglu, 2021). In contrast, it has been evidenced in the earlier studies that satisfied employees show more concentration in work, are more committed to the organization, and try less to leave the organization (Jung, Bozeman, & Gaughan, 2017).
Public sector organizations need higher performance and innovation from their workplace for better facilitation to the public of the state (Cinar, Trott, & Simms, 2021; Yun, 2020).

Rapid technological advancement, especially in the last decade, pressures the public sector organizations to become more efficient and give a positive response to the demands of the public according to the rapidly changing globalized environment (Ruijer & Meijer, 2020; Suzuki, 2020; Suzuki, Ha, & Avellaneda, 2020). Job satisfaction is concerned with the psychological comparison of humans with their expectation from the organizations (Hu, Liu, & Qu, 2019), higher performance of employees depends on the satisfaction level of employees. Wage rates, relationships of individuals with their peers and supervisors, opportunities for promotion, and organizational environment are the basic factors that boost the satisfaction level of employees (Rustiarini et al., 2019), which resulted in higher productivity in every organization.

Every individual wants to perform at a higher level professionally, which results in higher organizational productivity and profitability (Paais & Pattiruhu, 2020). Additionally, the employees performance (EP) is influenced by their satisfaction level, and the performance of some employees may be influenced by the motivation and ethical climate of the organizations (Imran, Allil, & Mahmoud, 2017). In contrast, it has been observed that religious faith, norms, and organizational ethical culture also influence the performance level of employees (Rokhman, 2014). The organization's ethical climate not only influences the performance of employees but also becomes the cause of the increase of creativity, teamwork, innovation, and demonstration of positive behaviors at the workplace. Sources of Islamic work ethics (IWE) are Al-Quran and Hadith and practical life of first four caliphs. It has been observed in earlier studies that IWE becomes the cause for the enhancement of employee performance, commitment, motivation, and satisfaction as well (Rokhman, 2014). Studies conducted by Chughtai (2017; 2020; 2020b) evidenced that organizational environment in the form of IWE produces several positive outcomes, i.e., performance, organizational citizenship behavior, and reduces negative behaviors of the employees, i.e., workplace incivility, counterproductive work behaviors. Moreover, the organization's ethical climate enhances the level of fairness of employees, giving awareness of how to deal with professional matters in a positive way, which enhances individuals and organizational performance (Chughtai et al., 2020a).

Person environment (PE) fit theory (Edwards, Caplan, & Van Harrison, 1998) provides the theoretical foundation for the relationships of this study. P-E fit (Edwards, Caplan, & Van Harrison, 1998) mainly focused on the fit between person and environment, where individuals are working. It has been generally assumed in P-E fit theory that fit leads to several positive outcomes and provides the same results in different organizational contexts (Edwards & Shipp, 2007). If there is a fit between the organizational environment and person, individuals produce positive outcomes; in contrast, misfit leads to stress.
Based on these notions, we argue that IWE moderates the relationship between JS and EP, especially in public sector organizations.

**Hypotheses Development**

**Job Satisfaction and Employee Performance**

Job satisfaction of the employees is the main factor that provides oxygen to the organization for survival and the competitive advantage (Crossman & Abou-Zaki, 2003). Satisfied humans from their job produce higher quality level products and services, resulting in the organization’s higher financial stability. For the development of the organization’s humans are the vital source compared to other tangible and intangible sources. There is no alternative to human resources, and humans want moves and betterment from the management of the organization; it is a common phenomenon that if the humans are happy in the organization, then it will lead to higher satisfaction level which results in higher financial returns for the organization (Khan et al., 2012; Nur, Dahie, & Osman, 2015). Employee Performance is concerned with the accomplishment of several tasks assigned by the organization (Diogo & Da Costa, 2019). The performance of employees is also linked with the control behaviors of individuals, and higher productive individuals limit them from irrelevant activities at the workplace (Riyanto, Endri, & Herlisha, 2021). Employee performance is generally categorized into the task and contextual/behavioral performance; task performance of the individuals related to the accomplishment of specified assigned tasks by the management and contextual/behavioral performance is concerned which reflected at the workplace by the individuals by performing extra roles (Riyanto, Endri, & Herlisha, 2021). It has been observed in earlier studies that fit between the organization’s environment and personal leads to positive employee behaviors, attitudes, and performance (Greguras & Diefendorff, 2009). Based on this notion, the researchers of this study argue that highly satisfied humans from their respective workplaces produce higher and quality products/services. Organizations require higher productivity with long hours working from the individuals, but for that purpose, there is a need for higher satisfaction level and environment of the organizations that become the cause of satisfaction of the individuals. Based on the empirical evidence and detailed discussion of literature, the following hypothesis proposed for the test:

**Hypothesis 1:** Job Satisfaction is positively related to employee performance.

**Islamic Work Ethics as a moderator between Job Satisfaction and Employee Performance**

Work ethics is concerned with the rules, norms, and behaviors organized by the organizations to look after the actions and behaviors of the individuals the ensure that employees abide by these principles (Husin & Norhasniah, 2012). It has also been observed
that the organization’s climate influences the behaviors of the individuals for the attainment of organizational goals and objectives (Khan et al., 2021; Khan et al., 2018; Khan et al., 2019; Khan et al., 2017; Manroop, Singh, & Ezzedeen, 2014). Ethics are necessary for every type of organization (private or public) for the achievement of organizational outcomes, for the development of social relationships at the workplace, and the economic development and growth of the country (Haroon, Zaman, & Rehman, 2012; Kareem & bin Azmin, 2018).

Lessons of the Quran and Sunnah provide the foundation to the ethical system of Islam. Islamic religious system provides every type of guidance to humans for every aspect of life. As Islam mostly covers all matters of life, which inspired others, over time, the number of followers of Islam is increasing day by day (Javaid et al., 2018). The focus of the Islamic ethical system is to create a relationship between Creator and humans according to the teachings of Islam. Islamic work ethics teaches the followers about cooperation at the workplace and prevent them from the use of illegal sources; which produces several positive outcomes, i.e., higher performance, organizational citizenship behavior, and sharing of knowledge; in contrast, IWE reduces the negative activities of humans at the workplace, i.e., incivility, counterproductive work behaviors (Chughtai et al., 2020a; Chughtai & Ali Shah, 2020).

It has been observed in several earlier studies that IWE plays a vital role in the modification of human behaviors for the accomplishment of desired outcomes by the management (Chughtai et al., 2020a; Chughtai & Ali Shah, 2020; De Clercq, Rahman, & Haq, 2019; Hayati, Yuningsih, & Caniago, 2018; Raja et al., 2019). Moreover, earlier studies evidenced that employees working in public sector organizations show more attachment to the Islamic ethical system (Yousef, 2001). Islamic Work Ethics encourages individuals to participate in the workplace, which creates an atmosphere of harmony that reduces psychological stress and anxiety and increases fruitful productivity (Khan et al., 2019; Khan, Zhiqiang, & Naz, 2019). Moreover, several studies asserted that implementation of IWE in organizations becomes the cause of the increase in JS, commitment, job involvement (Chughtai, 2017; Chughtai & Ali Shah, 2020; Yousef, 2001) and reduces the negative outcomes such as reducing employee stress, turnover intensions (Chughtai et al., 2020a; Sadozai et al., 2013). In line with the detailed discussion of literature, the researchers argue that individuals having a higher level of IWE would like to enhance their performance with a higher presence of JS; thus, it is hypothesized that:

**Hypothesis 2:** Islamic Work Ethics moderates the relationship between job satisfaction and employee performance such that the positive relationship between job satisfaction and employee performance will be stronger (vs. weaker) at high (vs. low) levels of IWE.
Material and Method

Population and Sample

The population of this study was selected from the public sector organizations of Pakistan. The proportionate stratified sampling technique used permanent employees of the public sector organization selection. By applying this technique, data was collected from four different stations by using the proportionate method. Data from the voluntarily participated individuals was collected from two different sources, employees and their immediate officers, using the self-reported method. Employees working in the organization were contacted through the human resource department of the concerned organizations. Before the distribution of survey forms, the objective and confidentiality of the individuals were assured to employees. Three hundred surveys were distributed to the individuals at each stratum (Lahore, Rawalpindi, Multan, and Bahawalpur). Data for JS and IWE was collected from the subordinates, and immediate officers to rate the performance of their subordinates. At the end of the data collection process, 193 pairs were received from the subordinates and their respective supervisors for further statistical analysis; so, the response rate was 64.33%.

Measures

Job Satisfaction was assessed with five items scale used by Brayfield and Rothe (1951). These items were rated on a 05-point Likert scale ranging from 1 “strongly disagree” to 5 “strongly agree.” The reliability of this measure was $\alpha = 0.62$.

Employee Performance was assessed with nine items scales from Tessema and Soeters (2006) and Koopmans et al. (2016). These items were rated on a 05-point Likert scale ranging from 1 “seldom” to 5 “always.” The reliability of this measure was $\alpha = 0.75$.

Islamic Work Ethics was assessed with sixteen items scales used by Ali (1992; 1988). These items were rated on a 05-point Likert scale ranging from 1 “strongly disagree” to 5 “strongly agree.” The reliability of this measure was $\alpha = 0.92$. 
Results and Discussion

Analysis

Descriptive Statistics, Correlation, and Reliability Analysis

Table 1 shows the descriptive statistics (mean, standard deviation) and correlational values of the study variables. As expected, JS was positively and significantly correlated with EP (r = .307**, p<.01) and JS was positively associated with IWE (r = .292**, p<.01). Further, the results indicated that EP (r = .250**, p<.01) was also positively correlated with IWE.

Direct and Moderation Effects

Table 2 shows the direct and moderation effects, which the researchers calculate using the bootstrapping sample size of 5000 as suggested by Hayes (2015, 2018). In the first step, researchers test the influence of control variables (gender and age), gender found a significant influence on EP b = .153***, p<.001, and age found insignificant negative influence on EP b = -.005, p>.05. In the second step, researchers test the influence of JS and IWE, where JS influenced the EP positively and significantly b = .035**, p<.01, and IWE positively and significantly influenced the EP b = .004, p<.05, thus, these results prove the first hypothesis of this study. In the third and final step, the researchers test the interaction (JS x IWE) effect on EP and found a significant and positive influence on employee performance b = .232***, p<.001, and these results support the second hypothesis of this study. Additionally, these results explained that a higher level of IWE with a higher level of JS leads to higher performance, especially in public sector organizations.
Table 2

Result of Moderated Regression Analysis

Moderation Model of Islamic Work Ethics

<table>
<thead>
<tr>
<th>Predictor</th>
<th>β</th>
<th>SE</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Step 1</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>-0.005</td>
<td>0.04</td>
</tr>
<tr>
<td>Gender</td>
<td>0.153***</td>
<td>0.12</td>
</tr>
<tr>
<td><strong>Step 2</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Satisfaction</td>
<td>0.035**</td>
<td>0.05</td>
</tr>
<tr>
<td>IWE</td>
<td>0.004*</td>
<td>0.06</td>
</tr>
<tr>
<td><strong>Step 3</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job Satisfaction x IWE</td>
<td>0.232***</td>
<td>0.13</td>
</tr>
</tbody>
</table>

Note: ***p<.001

For further clarification of moderation effects, the researchers plotted the interaction by adding the values of predictor (JS) and moderator variable (IWE) at the high and low levels of the mean of standard deviation. The interaction graph shows that the JS was high when the level of IWE was high that led to higher performance of individuals. In contrast, lower JS was associated with the lower level of IWE as shown in Figure.

![Interaction Effects](image-url)

Figure: Interaction Effects
Discussion

By infusing P-E fit theory, the present study investigates the direct influence of JS on EP. Further, this study examined the moderating role of IWE on the relationship between JS and EP in the context of public sector organization of a developing country, Pakistan. Taking the discussion forward, the first hypothesis of the study predicted a direct link between JS and EP, and the findings of the present study also supported this hypothesis. Moreover, the earlier studies also support the acceptance of this study (Berliana, Siregar, & Gustian, 2018; Crossman & Abou-Zaki, 2003; Inuwa, 2016). Furthermore, these findings explained that a higher level of satisfaction leads to higher performance; in other words, if organizations provide a better environment to their employees, they feel satisfaction which leads to positive outcomes in the form of higher performance, as well as the employees of public sector organizations feel less satisfaction from their organizations due to certain reasons, such as they cannot feel satisfaction from the policies and benefits of the organizations from the expectations to the actual gains. By taking arguments further forward, the second hypothesis of the study predicted that IWE moderates the relationship between JS and EP. The present study’s findings also provide support for the acceptance of this hypothesis. The previous studies also evidenced that IWE moderates the relationships (Chughtai, 2017; Chughtai & Ali Shah, 2020; Chughtai & Rizvi, 2019). Moreover, these findings explain, especially in the public sector organizations, if organizations provide the culture of IWE, this will increase the satisfaction level and affect the performance of the employees. These findings are in line with the theoretical lens of PE-fit theory, which explains that when there is a fit between the inner of a person and the environment of the organizations, it becomes the cause of higher productivity and generation of positive behaviors (Edwards, Caplan, & Van Harrison, 1998; Edwards & Shipp, 2007).

Conclusion

This study shows that JS of employees a vital role in higher performance especially working in the public sector organizations. Motivation in the form of intrinsic and extrinsic plays a vital role in the higher satisfaction of the workforce for higher quality performance. Further, the findings demonstrated that IWE moderates the link between employees JS and EP. Consequently, higher JS and performance can also be attained by implementing and giving awareness about the Islamic ethical system. Management of the organization by formulating the proper career development program of employees generates a source of intrinsic motivation for the higher satisfaction and performance of the employees. Moreover, management of the public sector organizations pays attention to psychological, religious, and spiritual training sessions of the employees to enhance the Islamic ethical system, which further influences the behaviors and attitudes of the employees (Zhiqiang et al., 2021).
Limitations and Future Directions

There are some of the limitation of this study which are as follows. The present study focused on JS and its association with employee performance, the future studies could investigate the impact of JS on some more outcomes such as Organizational commitment and Job Involvement. Similarly, IWE as a moderator is considered in this research, the researchers could assess other moderators or mediators in the model such as personality traits and leadership styles. The present study was conducted in the public sector organization working in major cities of Punjab (Lahore, Multan, Rawalpindi, and Bahawalpur); thus, future researcher would also explore the other public sector organizations with other empirical problems which face by the workforce. For example, there is a need to focus on future research on which leadership styles and job designs are perfect for the higher satisfaction of employees and higher productivity from them in public sector organizations. The present study was conducted in the public sector organization working in major cities of Punjab (Lahore, Multan, Rawalpindi, and Bahawalpur); thus, researchers try to cover the population of whole Punjab, but due to time frame and limited resources, it was not possible, a future researcher would also explore the other public sector organizations with other empirical problems which face by the workforce. For example, there is a need to focus on future research on which leadership styles and job designs are perfect for the higher satisfaction of employees and higher productivity from them in public sector organizations.

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