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Applying the Islamic Principles in Managing Human Resources: An Investigation into Authentic Leadership and Turnover Intention

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ABSTRACT

This study examines that how people who want to live their life in accordance with the Islamic faith want their leaders to behave with them. Therefore, for the purpose of conducting this study, a questionnaire consisting of nineteen items was developed. Data were collected from 234 employees of the Islamic banking sector of Karachi. Multiple Regression Analysis was applied. The study revealed that internalized moral perspective, relational transparency and the balanced processing are associated with lower turnover intentions. Hence, it is suggested that authentic leadership style is quite compatible with the Islamic values.

Key Words: Islam, Leadership, Turnover Intention.

1. Introduction

Islam is a bit different from other religions in the world. It claims to be a way of living rather than a set of spiritual beliefs. It tells us how to live our lives (Maududi, 1986). As a result, followers of the Islamic faith often seek to spend their lives in accordance with the principles of Islam. Living in accordance with Islamic principles is a bit different from living a secular life. This is because of the fact that Islam teaches us to live as per the highest moral standards. It forbade anything that is harmful for the society. Islam not only demands its followers to stop doing the things that are harmful for the society but it also encourages the followers to live an exemplary life.

There has been quite some discussion about the Islamic economic system (Hassan, Rabbani, & Abdulla, 2021). This discussion has been there because nearly every other person in the world already knows the fact that Islam

prohibits usury (Samad & Sugeng, 2022). Hence, a large number of studies have been conducted on the topic concerning Islamic banking (Haseeb, 2018; Rahmayati, 2021). However, Islam is neither the name of a set of spiritual beliefs or rituals nor it is the name of an economic system but it is rather a complete way of life. This effectively makes the Islamic rituals a sub-set of broader Islamic way of living. So is the case with the Islamic economic system. Hence, there is a lot more when it comes to Islam. Therefore, it cannot be argued that Islam does not provide the principles for managing human resources and leading employees.

In this regard, it should be noted that the increased level of competition has forced the business world to understand the importance of human resources. This is because of the fact that human resources are the only resources that can provide a business with the sustainable competitive edge (Ghayas, 2015), therefore, employee retention and ways of reducing turnover intentions have become the topic of interest for researchers (Demirtas & Androgen, 2015; Lu, & Gursoy, 2016; Dane, & Brummel, 2014). Hence, leadership has become crucial in today's business world. This is because of the fact that it can play a pivotal role in retaining employees. However, it raises the question that if Islam provides any solution to these issues? Similarly, one may think that if there exists a leadership style that is logically compatible with the concept of Islamic way of living. In this regard, it can be argued that Islam talks about transparency. This is also the case with the authentic leadership (Khan & Ghayas, 2022). Hence, it can be argued that authentic leadership is quite compatible with the Islamic way.

On the other hand, Islamic banks are pushing tremendously towards creating a society that is built on the principles of Islam. However, their focus has primarily remained towards the Islamic economic system, whereas, the Islamic way of managing the employees is the missing link in their efforts. Therefore, this paper seeks to provide a framework for managing and leading human resources in such a manner that is compatible with the Islamic principles. In this regard, it is argued that authentic leadership style seems to be a bit compatible with the Islamic principles. Furthermore, the study also seeks to answer that if applying such a leadership style that is compatible with the Islamic principles will solve the problem of turnover intentions. Hence, this research study seeks to answer the following research question:

What is the impact of authentic leadership style on turnover intention in the Islamic Banks?

Therefore, this research study is a significant study for the managers in the Islamic banks to understand that how they can use the concepts of authentic leadership to retain their employees.

2. Literature Review

2.1 Leadership

Leadership has always been an important topic. This is because of the fact that a good leader can change the fortune of the people he or she is leading. This is also the case in business organizations (Prakasch & Ghayas, 2019). Furthermore, Islam also emphasizes the importance of leadership. This is evident from the fact that the basic concepts of Khilafah and Imamah of the two major Islamic sects revolve around the idea of leadership (Mihaylov, 2015). Hence, the concept of ideal leadership and its attributes had always been there in the Islamic world.

2.2 Authentic Leadership

The very idea of authentic leadership emphasizes to follow the ethical and moral principles (Khan & Ghayas, 2022). This sort of leaders enables openness in decision-making procedures while interacting with their followers (Walumbwa et al., 2008). This openness is because of the fact that they believe that there is nothing to hide from anyone, as they are quite transparent in nature. This is something compatible with the basic principles of Islam (Islam, Ahmed, Ali, Ahmer, & Usman, 2022). Hence, this can be suggested that since this sort of leadership is compatible with the Islamic principles, therefore, those who are concerned about living their lives in accordance with the principles of Islam may opt for this sort of leadership.

2.3 Dimensions of Authentic Leadership and Turnover Intentions

Walumbwa et al., (2008) suggested that self-awareness, relational transparency, balanced processing, and internalized moral perspective are the dimensions of authentic leadership. The first dimension of authentic leadership is the self-awareness. Self-awareness is something where people know about themselves, their own motivations (Kernis, 2003). It is about the thoughts that an individual has about himself/herself (Lagan, 2007). This understanding about oneself affects the person in the long run. People who have higher level of self-awareness know the purpose of their life and are thereby generally more focused towards the things they do. Hence, these people are also good leaders. This is because of the fact that this attribute of authentic leadership not only allows them to know about themselves, but also make them able to know about their subordinates. Hence, they are better able to identify the needs of others and act accordingly. As a result, it seems evident that people working under such managers may have lower turnover

intentions as these managers are often quite accommodating in nature. Hence, we proposed the following hypothesis:

H1: Self-awareness is linked to lower turnover intentions in the Islamic banks of Karachi.

On the other hand, relational transparency is described as being genuine, sincere and straightforward in dealing with others. It is therefore argued that authentic leaders do not have secret or unknown agendas; therefore, employees know where they stand with an authentic leader. Gardner et al. (2005) stated that authentic leaders have relational transparency in communicating their true feelings and emotions to their followers. This transparency in relations with others is compatible with the Islamic principles. Hence, we proposed the following hypothesis:

H2: Relational transparency is linked to lower turnover intentions in the Islamic banks of Karachi.

Internalized moral perspective is the third dimension of authentic leadership. This dimension stresses the need of internal ethical standards and values of leaders (Avolio & Gardner, 2005). Hence, this concept suggests that authentic leaders display high level of ethics and moral honesty. This is certainly compatible with the Islamic principles. Furthermore, people are generally good in nature and when they see their leaders as the standard-bearer of morality, they tend to like their leaders. Furthermore, the very fact that their leaders are standard-bearer of morality and ethical principles suggests that they at-least not involved in abusive supervision. Hence, in these conditions, employees are saved from yelling, scape goating, belittling and credit stealing (Ghayas & Jabeen, 2020). This certainly reduces the turnover intention among the employees. Therefore, we propose the following hypothesis:

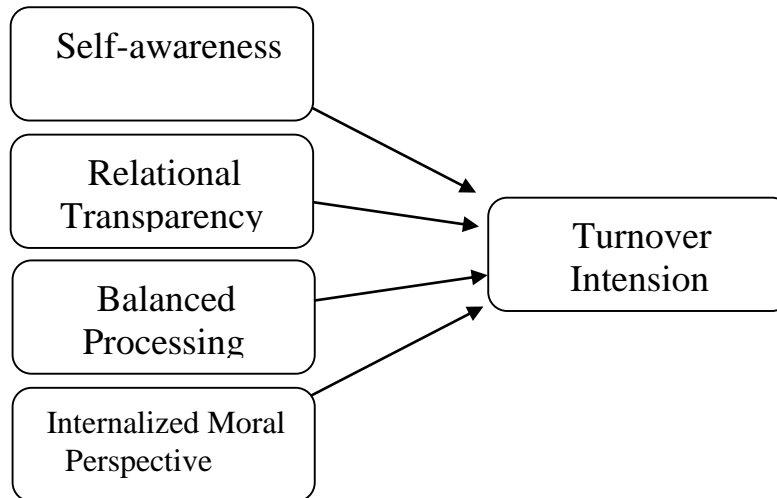
H3: Internalized moral perspective is linked to lower turnover intentions in the Islamic banks of Karachi.

Similarly, balanced processing is the last dimension of authentic leadership. This suggests that all the relevant information is analyzed accurately (Gardner et al., 2005). Decisions made after such considerations prove good. This is also something that is consider positive by the employees. Therefore, we propose the following hypothesis:

H4: Balanced processing is linked to lower turnover intentions in the Islamic banks of Karachi.

2.4 Research Model

Following is the research model for this study:



3. Methodology

An instrument consisting of nineteen items was developed for this research. Out of these items, sixteen were adapted from MLQ, whereas, three items were adapted from Cumman et al., (1979). Data were collected from 234 employees of the Islamic banking sector of Karachi. Cronbach alpha test was used for analyzing the reliability, whereas, Multiple Regression Analysis was applied as the statistical technique.

4. Results and Findings

4.1 Reliability

Below are the results of reliability analysis:

Table 1: Reliability

Variable Name	Number of Items	Cronbach alpha
Internalized Moral Perspective	04	0.837
Balance Process	03	0.793
Transparency	05	0.746
Self-awareness	04	0.763
Turnover Intension	03	0.803

Table 1 illustrates that Cronbach alpha values of all variables are 0.7 or greater; therefore, these variables are reliable in nature.

4.2 Regression Analysis

Results of Regression Analysis are given below:

Table 2: Results of Regression Model

Variables	β - Value	p-value	t-value	VIF
Constant	0.406	0.324	0.992	
Relational Transparency	-0.585	0.003	-3.102	1.815
Balanced Processing	-0.019	0.041	-1.114	1.985
Self-awareness	0.123	0.215	0.118	1.934
Internalized Moral Perspective	-0.200	0.049	-1.981	1.988
R-Square = 0.516 Adjusted R-Square = 0.489 F-Statistics = 19.689 Sig = 0.000				

Table 2 indicates the regression analysis results. The table suggests that the value of Adjusted R square was 0.489, indicating that the model predicts 48.9% variance in the authentic level. Furthermore, the F statistics was 19.689 which is higher than 3.5, it shows that right model is selected for this analysis. Furthermore, the table also indicates that three of the four dimensions of authentic leadership namely relational transparency, balanced processing and the internalized moral perspective leadership lower the turnover intentions. On the flip side, self-awareness does not have any relationship with the turnover intentions.

5. Discussion, Conclusion & Policy Implications, Recommendation & Future Research

5.1 Discussion

This study examined that how people who want to live their life in accordance with the Islamic faith wants their leaders to behave with the. The study suggested that authentic leadership style is quite compatible with the Islamic values. Furthermore, research indicates that internalized moral perspective, relational transparency and the balances processing are associated with tower turnover intentions. This is consistent with previous researchers (Wong & Laschinger, 2013; Khan & Ghayas, 2022) who suggested that authentic leadership is valued by employees. On the flip side, the study also revealed that self-awareness is not linked to lower turnover intentions. It was originally assumed that it might reduce turnover intention,

however, if we see it through the perspective of those who want to live their life in accordance with the principles of Islam, they simply believe that their own self does not matter, what matters for them is the will of God. Hence, this explains the lack of significance in the relationship between the two.

5.2 Conclusions and Policy Implications

Since, it is found that three dimensions of authentic leadership are related to lower turnover intentions, therefore, it is concluded that dimensions are important in lowering the turnover intention among the employees working in the Islamic banking sector of Karachi. Furthermore, it is also concluded that people who work in the Islamic banking industry of Karachi, and are supposed to be concerned about the Islamic way of living want their managers to be high on these dimensions.

5.3 Recommendation

Since, it is found that three dimensions of authentic leadership are related to lower turnover intentions, therefore, it is recommended that managers in the Islamic banking industry of Karachi should focus on these elements in order to reduce turnover intentions among their employees. Furthermore, since the basis hypothesis of this study is that employees are inclined towards these dimensions because these dimensions are somewhat compatible with the Islamic principles, therefore, it is suggested that manager must try to find other elements in the human resource practices that are compatible with the Islamic principles.

5.4 Future Research

This research study is primarily based on the Islamic Banks in Karachi. Therefore, it is recommended for future researches, the scope of study should be extended by studying the same model in different organizations and different sectors especially in other cities of Pakistan. Moreover, since this study only seeks to investigate how authentic leadership affects the turnover intention, therefore, future researchers can include more variables as the consequences of authentic leadership.

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