The Theo-Management Model: An Investigation into The Implementation and Impact of Islamic Corporate Culture at LP3I Purwokerto

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ABSTRACT:
This study explores the implementation of theologically-based, or "Theo-management," specifically within the context of LP3I Purwokerto, a leading Islamic vocational college in Indonesia. The objective is to investigate the unique interplay between Islamic theological values and the development of corporate culture and its impact on organizational behavior in the institution. Adopting a phenomenological approach within a naturalistic qualitative research design, the study employs interviews, observational techniques, and document analysis to collect a comprehensive dataset. Findings unveil six distinctive practices embedding Islamic principles into the corporate culture, fostering a religious observance sphere that influences work ethics, employee motivation, organizational learning, loyalty, and belief in the divine. While providing a nuanced understanding of the Theo-management model’s potential benefits, the study’s context-specificity prompts further exploration into diverse organizational and cultural settings. Thus, the research contributes to a deeper comprehension of religious influence on corporate culture and organizational behavior while calling for extended investigations in varied environments.

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ABSTRAK


INTRODUCTION
Integrating religious values, precisely Islamic principles, within a corporate setting is relevant in today's diverse and globalized workplace environment. It represents a convergence of spiritual beliefs and commercial operations, underpinning a novel paradigm for understanding organizational behavior and management theory. Given the substantial Muslim population globally, exploring Islamic corporate culture offers vital insights for organizations operating within or interacting with predominantly Muslim societies (Byarwati, 2016; Yuli & Sari, 2021). Moreover, it addresses the call for understanding the influence of religious beliefs on organizational behaviors and outcomes, particularly in the context of Islamic teachings. Such a synthesis has potential implications for a wide range of fields, including, but not limited to, business management, human resources, organizational psychology, and religious studies (Mulyadi, 2017; Wulan Sari et al., 2021).

Previous studies have acknowledged the substantial impact that religion can exert on an individual's actions and behaviors, transcending beyond personal beliefs to influence organizational dynamics (McCalman, 1992;
Specifically, implementing Islamic values within business operations, as seen in various Indonesian business groups, has positively contributed to the work environment, dispelling notions of religion as a counterproductive factor (Ridwan, 2016; Su’ad & Rosyidi, 2020). Max Weber’s seminal work on the Protestant Ethic and the Spirit of Capitalism, along with studies on the influence of Shinto beliefs on Japan’s economic progress, highlights the symbiotic relationship between religious practices and economic activity (Hanafi & Sobirin, 2002; Weber, 2013). Furthermore, management based on religious values appears feasible when leaders or managers possess emotional intelligence, channel empathy, and cultivate a work ethic founded on religious values (Łowicki & Zajenkowski, 2017; Pertiwi, 2018). Numerous studies have investigated the role of Islamic values in shaping corporate culture and governance. Alshammary (2014) proposed an alternative corporate governance framework for high-context cultures in the Islamic and Arabian Middle East, highlighting the potential for religious values to shape business practices in specific cultural contexts. Additionally, a study by Ahmed (2011) examined the link between Islamic law and corporate governance principles in Pakistan’s banking and finance industry, emphasizing the practical implications of Islamic values within a specific sector. Furthermore, research by Shabbir et al. (2018) and Bhuiyan et al. (2022) demonstrated how corporate social responsibility (CSR), a key component of organizational culture, is influenced by Islamic principles within Islamic banks in Pakistan and Bangladesh respectively, further underscoring the intersection of religious beliefs and business operations.

Work in corporate governance mechanisms within Islamic values has also revealed significant findings. Aslam and Haron (2020) discovered the impact of corporate governance mechanisms, such as the audit committee and Shariah board, on the performance of Islamic banks, establishing the relevance of religious tenets in governing business practices. In another study, Sloane-White (2011, 2018) explored the concept of 'Sharia-ization' in Malaysian workplaces where the corporate culture is shaped by executives based on Islamic principles, enforcing 'personnel sharia' to ensure adherence to ethical values and moral principles. These studies collectively build upon the existing knowledge base and underscore Islamic values’ significant and multifaceted impact on corporate culture and practices (Sloane-White, 2018b).
However, the practical implementation of theologically-based management, wherein theological or Tawhidic values serve as the operational foundation of business conduct, still needs to be studied (Sanusi, 2015). This void extends to examining corporate culture within Islamic businesses and educational institutions such as LP3I Purwokerto, a prominent Indonesian vocational college. Detailed exploration is required to comprehend the distinctive patterns of religious practices carried out by the faculty and students of LP3I Purwokerto, which can influence the shape and pattern of its theo-management model (Wicaksono & Kurniawan, 2016).

Our study, therefore, aims to delve into this gap by examining the theo-management model of LP3I Purwokerto, with a particular emphasis on the impact of theological values on the development of corporate culture and its effects on organizational behavior. The focus extends to outlining a management model in LP3I Purwokerto, which indicates a unique amalgamation of religious conviction and managerial practice. The findings of this investigation are anticipated to provide a comprehensive understanding of how religious beliefs, precisely Islamic principles, shape the organizational dynamics and corporate culture in an educational institution like LP3I Purwokerto. This work further contributes to the broader discourse on the interplay of religion and management in business organizations (Yuli & Sari, 2021).

METHODS

The current research adopted a phenomenological approach within the naturalistic qualitative research design (Cohen et al., 2017). The study was conducted at LP3I Purwokerto, a prominent Islamic education institution, and utilized a triad of data collection techniques to ensure a comprehensive exploration of the phenomena under investigation. Data was primarily collected through open-ended and covert interviews to explore the participants' subjective experiences and perceptions about Islamic corporate culture. The covert interviews enabled us to gather unfiltered responses from the participants. The research incorporated observational techniques, systematically examining the participants' behaviors and interactions within the corporate environment. Direct observations were made of formal and informal interactions, physical settings, and cultural rituals to provide a more nuanced understanding of the Islamic corporate culture at LP3I Purwokerto (A. Aslam et al., 2013). Document analysis was also utilized, involving an in-depth review of
relevant institutional documents, records, and written materials. These documents offered additional insights into the established norms, rules, and codes of conduct that shape and inform the Islamic corporate culture at the institution. To ensure the reliability and validity of the collected data, the study employed the triangulation method. This approach involved cross-verifying the information obtained from the interviews, observations, and document analysis, thus enhancing the trustworthiness and credibility of the findings. Once data collection was completed, the data were then subjected to rigorous analysis. Although the specific methodology used to analyze the data could be more detailed per the provided instructions, the process generally consisted of three stages. These stages included data reduction, where the collected data were condensed into analyzable units; data display, where the reduced data were organized for further interpretation; and concluding, where insights were drawn based on the interpreted data. These steps ensured a systematic and rigorous data analysis, enhancing the findings’ validity and reliability.

FINDINGS AND DISCUSSION

FINDINGS

Implementation of Theo-Management in LP3I Purwokerto: A Study on Corporate Culture

Corporate culture is believed to help organizations achieve their targets efficiently, considering its religious core values. Based on the data collected, it is evident that implementing the management theory at LP3I is carried out through nine mechanisms of core values in corporate culture. Firstly, there is the intention of work as an act of worship. All LP3I employees base their work on the foundation of worship. They view work not merely as a means to an end but also as an act of worship to Allah. This is reminiscent of the statements made by instructors at Primagama Guidance Institution, who consider worship as the underlying value of work. Therefore, work itself is considered worship. Allah will reward every act of worship in the afterlife. Thus, if work is regarded as worship, individuals will be rewarded hereafter besides receiving worldly rewards (such as salary or honorarium). This belief is fostered with the hope that employees, as religious beings, will work diligently. Although the difference between those who work solely for worship and those who do is not outwardly visible, the underlying distinction lies in the initial intention residing within
their hearts. Even though it may not be apparent, the difference in their work performance remains significant or holds different implications for both groups.

Indeed, working exceptionally is an aspiration. Transforming the paradigm to view work as worship is a corporate strategy. As a company strategy, LP3I must optimize this intention so that employees can internalize it effectively, with the expectation that everyone works sincerely and, consequently, the company’s performance improves. In this context, the intention of work as an act of worship expresses the individual’s self-identity as a servant of Allah and a caliph of Allah. Work motivation is not solely focused on work (material outcomes) but also on Allah’s pleasure. Work motivation aims to attain rewards in worldly life and the afterlife. This is inherent in human work, where humans act as representatives and servants of Allah, as intended by the Creator.

Secondly, exchanging greetings when entering, leaving, or meeting colleagues at the office is a standard behavior expected of every LP3I employee. Every employee must say, "Assalamu'alaikum Wr. Wb." (peace be upon you) when entering or leaving the office and greeting others. Similarly, those who receive the greeting must respond with "Wa'alaikumussalam Wr. Wb." (and peace be upon you). Apart from being a prayer for the safety of others, greetings serve as the standard interaction protocol within LP3I’s organizational culture. Greeting fellow members of the organization is an instructional requirement within the organization, and using the phrase "Assalamu'alaikum Wr. Wb." is an instructional mandate from the company. Likewise, everyone must respond to such greetings. The highest values frame the social relationship's meaning within an environment conveyed through the phrase "Assalamu'alaikum Wr. Wb." Allah is the source of safety, encompassing worldly and afterlife security. The psychological implication that arises is a sense of tranquility, as one always receives greetings of safety from Allah and reciprocates it. The greeting itself contains a prayer for safety from Allah to us.

Thirdly, performing prayers on time is the second core value of LP3I’s organizational culture. Praying the five daily prayers on time is a requirement that should be ingrained as a good habit for LP3I employees, both at the office and at home. In practice, it is not only about praying on time but also about performing congregational prayers that involve students (though not
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mandatory, it is encouraged). The congregational prayers are held in the mosque located on the third floor.

The technical implementation of praying on time as part of LP3I's corporate culture is carried out through various measures, such as halting all activities, scheduling tasks to avoid conflicting with prayer times, or designating prayer times as specific breaks from certain tasks or work. This is evident from observations where activities are intentionally paused for congregational prayers. The significance of praying on time lies in observing timely rest. It includes timely meals. Prayer is an effort to draw closer to Allah, and to do so effectively, a complete surrender of the heart (thoughts and emotions) and body to Allah is required. Thus, prayer essentially serves to rest the heart from intellectual and work-related activities, allowing the heart to focus solely on remembering Allah. Following prayer, the mind becomes refreshed, enabling individuals to resume work rejuvenated.

The fourth core value in LP3I's corporate culture is deducting 2.5% from salaries for zakat, infaq, and sedekah (charitable giving). The deduction of salaries or honorariums at LP3I is mandatory for zakat, infaq, and sedekah. Any employee receiving compensation must be obligated to consent to this deduction, as agreed upon acceptance of the employment contract.

With this model, everyone is subject to this deduction, with the expectation of sincerity. However, even without genuine sincerity, the deduction still applies. LP3I implements this measure to ensure that all employees receive blessings in life by purifying their wealth. Essentially, LP3I is merely assisting its employees in fulfilling their religious obligations. LP3I provides a space for learning to its employees, albeit to a certain extent, by enforcing salary deductions. Such a payroll mechanism can be seen as a practical application (bil hal) to encourage self-purification and achieve a blessed life. In other words, the formal development of zakat, infaq, and sedekah awareness can be implemented within an institution or organization.

The fifth core value entails starting meetings with the recitation of basmallah (the phrase "in the name of Allah"), sholawat (prayer upon the Prophet Muhammad), and kultum (a short religious sermon). Every LP3I meeting is preceded by reciting these elements as an opening ceremony. This is done in the hope of receiving guidance from Allah, both during and after the
meeting. When these prayers are recited, tranquility fills the participants’ hearts. This tranquility enables clear and pure thoughts, leading to improved cognitive abilities. Kultum is provided to remind and encourage meeting participants to strive to be the best version of themselves, beneficial to themselves, their surroundings, and the organization. This practice usually reignites work and life motivation.

The sixth core value in LP3I’s corporate culture is mutual prayer. This core value is individually practiced by every person working at LP3I. As fellow employees of the LP3I family, it is essential to support, encourage, and pray for one another. The institution believes "success is 50% prayer and 50% effort." Hence, LP3I emphasizes the practice of mutual prayer to ensure that no individual feels alone in their life’s struggles.

The seventh core value involves the practice of i’tikaf. I’tikaf is regularly conducted by male employees and leaders of LP3I Purwokerto, particularly during the last ten nights of Ramadan. LP3I often organizes a group of i’tikaf in a mosque. The purpose of i’tikaf is not only to implement the core values of corporate culture but also to enhance personal development and foster piety. While i’tikaf does not apply to female employees, they are still expected to engage in congregational prayers and other practices according to Islamic teachings. LP3I acknowledges the equal contributions of female employees. Sometimes, leaving everything behind to draw closer to Allah becomes necessary.

The eighth core value in LP3I’s corporate culture is the collective recitation of Surah Yasin. This activity is carried out by LP3I employees every Friday afternoon. The essence of this activity lies in prayer and coming together as a group to seek the pleasure of Allah. Additionally, reading books is encouraged as a means to enhance personal capacity. LP3I employees are expected to stay updated with the latest developments in their respective fields of expertise. The mandatory reading materials align with their specific roles or fields. Sharpening one’s insights and staying up-to-date is crucial for maintaining competitiveness. To reinforce comprehension and provide evidence of having read the books, the reading activity is followed by book summarization. In this regard, rewards and punishments encourage compliance with these reading activities.
Benefits of Implementing Corporate Culture in LP3I Purwokerto: Insights from Research Findings

Based on the research findings, it can be determined that there are six benefits derived from implementing corporate culture in LP3I Purwokerto. Firstly, there is an improvement in the ethics of employees/students. Ethics is essential in Islam, and LP3I prioritizes ethics in its organizational operations. LP3I believes developing employees’ or human resources’ moral values starts with cultivating ethics. LP3I recognizes that employees with good ethics tend to perform their work diligently. Hence, LP3I initiates the development of its human resources through the cultivation of ethics, considering its crucial position within the organization.

Secondly, there is a strategy for work relaxation. Human work has its limitations in terms of physical and mental capabilities. Both the mind and body require systematic and routine relaxation systems. Prayer is a form of worship that provides rest for the mind and body, allowing complete surrender to a higher power. As such, individuals who engage in prayer are not burdened by excessive thoughts. LP3I establishes prayer time and congregational prayers as core values of corporate culture to enable employees to work effectively, as there is a rhythm between work and worship.

Thirdly, there is a source of work motivation. Weber’s thesis states that Protestant ethics have significantly contributed to the progress of capitalism in the West. Protestant Reformation, particularly Calvinist groups, paved the way for the development of capitalism through a distinct form of new asceticism, which aimed to achieve worldly success to be chosen by God for salvation in the afterlife. LP3I follows a similar pattern, where life in this world and the afterlife motivate its employees’ work. LP3I facilitates and organizes its employees’ religious activities to ensure proper worship. Company activities extend beyond the office premises, including mosques and scheduled collective seclusion (I’tikaf).

Fourthly, there is organizational learning. Reading activities, which are part of LP3I’s corporate culture, serve as an effort to enable employees as agents of change, both in terms of hard and soft skills, to align with students’ development and the continuously evolving labor market demands. Employees must read books according to their field of expertise and summarize the books.
they have read. Through summarizing books, new information and reasoning are acquired, allowing the growth of relevant knowledge within the employees. Additionally, there are regular religious talks (kultum) before meetings, where employees are assigned to deliver them.

Fifthly, there is a friendly, comfortable, and loyal employee environment. The proposition of "unbounded loyalty" may sound exaggerated, but it adequately describes the psychological state of LP3I employees. Employees at LP3I are not strictly bound by working hours or material incentives such as overtime pay. Generally, they perform their work diligently, even if it exceeds the company's designated working hours. Employees work with their hearts, driven by factors beyond achieving targets.

Lastly, there is a belief in the divine. LP3I employees believe in the involvement of a higher power in their success. They express that by believing in divine power, problem-solving approaches become varied, not solely relying on oneself or others but also on God. It should be noted that the mechanism of divine intervention does not rely solely on a single factor, such as belief, but is influenced by various other factors. LP3I employees express their belief in the unseen/divine power, which allows for diverse approaches to problem-solving, extending beyond oneself and others to include reliance on God.

Based on the data collected, it can be stated that LP3I institutionally emphasizes the interaction between humans, the company, and aspects of divinity (in this case, Islam as the core value of corporate culture). This has shaped the management of LP3I based on Islamic theological values, which have led to institutional and personal success. Based on the data collected, the following conceptual model of theo-management in the LP3I Purwokerto Branch can be formulated:
Looking at the diagram above, it is evident that the core values of corporate culture have shaped the religious personality of LP3I employees. The religiosity of LP3I employees is reflected in their worldview, considering work as an act of worship, greeting others and entering the office with salutations, engaging in the recitation of prayers and supplications, performing prayers on time and in the congregation, and willingly allocating a portion of their income for zakat (charitable giving). This demonstrates a positive correlation between an individual’s religious orientation and personality traits. Therefore, this study supports the findings of previous research conducted by Rini Risnawati Suminta (2016), which revealed a significant positive relationship between extraversion, openness to experience, and agreeableness personality traits with intrinsic religious orientation, while a significant negative relationship was found between neuroticism and conscientiousness personality traits with intrinsic religious orientation.

Referring to the research by Wiwik Setiyani (2018), the religiosity of LP3I employees essentially describes social-religious ritual behaviors within a community. These ritual behaviors not only involve religious practices but also encompass social acts of worship or social righteousness. These behaviors can subsequently influence the social behavior of a group of individuals within a community or organization.

DISCUSSION
This research aimed to investigate the implementation of Theo-Management at LP3I Purwokerto with a particular emphasis on corporate culture. Theo-Management, a term developed by researchers, refers to a theological governance science that applies religious values to organizational and managerial practices (Ndraha, 2013). By focusing on the concept of Theo-Management, this study sought to explore how religious values and principles could shape and enhance corporate culture, particularly within an Islamic context (Ratten et al., 2017).

The key findings from this study highlight the various practices adopted by LP3I Purwokerto that integrate religious values into their corporate culture. These include viewing work as a form of worship, greeting each other with "Assalamu’alaikum Wr. Wb.", praying on time, mandatory deductions for zakat, infaq, and sedekah, initiating meetings with religious recitations, and practicing mutual prayer and support. These practices have been found to foster a sense of safety, tranquility, unity, and shared responsibility among employees, which can enhance work performance and motivation (Sampurna, 2019).

When compared with existing studies, the results show both similarities and differences. For instance, previous studies have acknowledged the potential influence of religious values on work ethic and motivation (Grabowski et al., 2021). However, our findings offer a more detailed understanding of how specific religious practices embedded within the corporate culture can influence employees' behavior and foster a more conducive work environment. This suggests that integrating religious values into corporate culture can have multifaceted impacts beyond general work ethic and motivation (Croucher et al., 2017).

Given the findings, integrating religious values into corporate culture is pivotal in shaping employee behavior and motivation. For instance, viewing work as a form of worship could enhance employees' dedication to their tasks, promoting diligent work performance. Similarly, greeting each other with "Assalamu’alaikum Wr. Wb." may foster a sense of safety and tranquility in the organization, facilitating more effective communication and cooperation among employees (Ambituuni et al., 2019). This interpretation supports the Theo-Management approach, which emphasizes incorporating theological values into managerial practices.
Additionally, the religious practices adopted by LP3I Purwokerto appear to have significant implications. For instance, the emphasis on praying on time and deducting a portion of employees' salaries for charitable giving could enhance employees' sense of responsibility and commitment to their work and religious obligations. Such practices may also foster a sense of unity and shared responsibility among employees, which could, in turn, facilitate better teamwork and improve overall organizational performance (Akbar et al., 2010).

Despite these positive implications, it is necessary to interpret the findings with caution. While our study suggests incorporating religious values into corporate culture can have various positive outcomes, it is also essential to consider potential limitations. For example, the extent to which such practices can be generalized to other contexts or organizations remains to be determined. Furthermore, further research is needed to understand the potential impacts of such practices on employees who may not share the same religious beliefs (Jacobsen et al., 2020).

In conclusion, implementing Theo-Management at LP3I Purwokerto considerably impacts the organization's corporate culture and employee behavior. Our findings highlight the potential of religious values to enhance employee motivation and work ethic, thereby leading to various positive outcomes. Nonetheless, further research is needed to investigate the potential challenges and implications of integrating religious values into corporate culture, particularly in diverse and multi-religious contexts.

CONCLUSION

In pursuit of the study's objectives, we conducted an in-depth investigation of the theo-management model in LP3I Purwokerto, focusing on the impact of theological values on corporate culture and organizational behavior. Our findings uncovered six distinct practices of integrating Islamic principles into the corporate culture, transforming the workplace into a religious observance and community sphere. These practices enhanced work ethics, offered relaxation strategies, motivated employees, stimulated organizational learning, promoted loyalty, and fostered belief in the divine, leading to a conducive work environment. This research adds to the body of knowledge by elucidating the multifaceted impacts of religious values on corporate culture and organizational behavior, providing a nuanced
understanding of the potential benefits of the Theo-Management model. However, the context-specific nature of our findings, centered around LP3I Purwokerto and its Islamic orientation, may limit the generalizability to organizations with different religious affiliations or secular settings. Further research is thus recommended to explore the dynamics of Theo-Management in diverse organizational and cultural contexts and its potential impacts on employees with differing religious beliefs. In summary, while integrating theological values into LP3I Purwokerto’s management model has positively influenced corporate culture and employee behavior, further exploration is required to fully understand the implications of such practices in diverse or secular contexts.

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