

## RELIGIOSITY, AS DETERMINANT OF TURNOVER INTENTION: AN EXPLORATORY STUDY

Rahaib Zafar<sup>1</sup>

Mohsin Altaf<sup>2</sup>

Dr. Mohammad Majid Mahmood Bagram<sup>3</sup>

Haroon Hussain<sup>4</sup>

### Abstract:

*This paper aims at finding out impact of religiosity on switching intention of banking sector employees in Pakistan. A total of 40 open ended questionnaires were distributed to banking employees and 250 close ended questionnaires were distributed in banking sector independent variable was Religiosity and was measured using five dimensions: ideological, ritualistic, intellectual, consequential and experimental dimensions and dependent variable was Switching intention. Here results showed that religiosity is a factor that can influence switching intention of banking employees. This is a very first paper that is being written for exploring relationship between religiosity and switching intention of banking employees and this relationship has never been found before.*

### Key words:

Religiosity, switching intention, Islam, banking sector

## INTRODUCTION

Religion is considered on a core level for making and taking certain decisions. As there exist various religions in the world so every religion has certain values, restrictions and code of conduct for living. Islam is the 2<sup>nd</sup> biggest religion in the world so as other religion Islam

also pursues various junctions and guide lines for pattern of dealing, living and doing business. Islam gives liberty and freedom for doing business but on the other hand it also imposed some restrictions that are concerned with business activities.

As Islam allows and promoted trade and globalization as Hazrat Muhammad (S.A.W.W) was also a trader so it means that Islam has permitted doing business even on a huge level but, the main concerned point is limitations that are induced and settled for business meters. As Islam does not allow making unfair profits, stocking and earning through Haram (illegal) sources. In Haram (illegal) earning the most concerned and debate able point is Ribba (interest).

As Islam strictly forbids from doing businesses that are interest based and make interest money. According to Islam interest is paid on fixed rate of return that is wrong as we are partnering in business so v must share profit and loss as per situation but this does not happen in the case of interest.

In present it is mostly said about commercial banks that they are dealing in interest based business system so they are doing illegal business as per Islamic junctions. This research is concerned regarding analyzing the attitudes of banking sector employees towards quitting their job keeping their religion in their mind. The results will show how likely banking sector employees are ready to switch from their jobs if they think religious.

The significance of this research brings out two main benefits firstly this research will bring or contribute something new in theory and secondly it will help on practical level as impact of religiosity exists and contributes in switching intention in banking sector no doubt its intensity may be low but banking sectors may change their standards and procedures to stop this turnover of employees.

<sup>1</sup> Student Scholar

Department of Commerce  
University of Sargodha, Pakistan  
[rahaib\\_honey@yahoo.com](mailto:rahaib_honey@yahoo.com)

<sup>2</sup> Lecturer, Department of Commerce  
University of Sargodha, Pakistan  
[mohsin.iltaf@gmail.com](mailto:mohsin.iltaf@gmail.com)

<sup>3</sup> Assistant Professor, Department of Business  
Administration,  
Allama Iqbal Open University, Islamabad, Pakistan  
[bagram@hotmail.com](mailto:bagram@hotmail.com)

<sup>4</sup> Department of Commerce  
University of Sargodha, Pakistan  
[ranaharoonhussain@yahoo.com](mailto:ranaharoonhussain@yahoo.com)

## LITERATURE REVIEW

### **Religiosity (Islam) and Banking job**

Religion has always an important role for constructing, shaping lives through communicating and addressing attitude, knowledge and beliefs. Various religious groups like Muslims, Hindus, and Christians etc as contrast to other religions have contrast in beliefs and we cannot avoid these common beliefs when a whole society is under analysis (FAM Et Al 2002). An Arabic word "Islam" that actually means surrender in front of Allah (God). It is considered in Islam that all power, creation and mortality is in the hands of Allah and each and every creation of Allah has to obey his all rules and laws. Life in Islamic system is called Shari, ah. There are basic foundational keys of Islam (submission to the will of God): Imam (believe), Salat (Prayer), Fasting, Zakat (alms giving), and Hajj (pilgrimage to Macca).

All forbidden things in Islam are treated as Haram while all things that are permissible are termed as Halal. As according to Malik (2001) the most practical man in Islam is Prophet (S.A.W.W) who gives guide line in each and every situation and matters of life and gives lesson of Honesty, justice and Worship to Allah (God). The greatest knowledge source for Muslims is Quran from where Muslims can obtain knowledge about their crucial meters and acts (Sunna, h) of Prophet (S.A.W.W.) and words (Ahhadith) of Prophet (S.A.W.W). Violation of any Islamic rule is considered as a severe crime while earning through illegal ( Haram) sources is not allowed in Islam. Interest (Ribba) is strictly prohibited in Islam and Muslims are not allowed to deal in businesses that are dealing in interest based system. Furthermore making abnormal profit is also prohibited in Islam and accumulation of wealth is also not allowed in Islam.

The concept of banks in generally that they accept money (deposits) and further forward that money (loans) as this normally happens than it seems right as per Islamic regulations but the debate is on the most crucial issue that is factor of Interest (Ribba). As interest is Banned in Islam and no person should pay or receive interest as per Islamic rules but if seen that it comes forward that the business of commercial banks is surviving upon interest based system no doubt they are also engaged in other business

activities but their main and biggest source of earning is interest. As they accept money and pay lower interest and when give that money as a loan by charging higher rates of interest so the difference of these receipts and payments in profit of banks. As there is a conflict about this topic as bankers say that they are no doubt dealing in interest but also in other activities and banking is need of era so there whole setup may not be said as illegal on the other hand some completely agree that in Islam there is no place of this banking and rules need to be replaced.

What Islam says about this and this type of business that is described below in various Qurani verses, Ahhadith and Fatawaz by religious scholars that will reduce the ambiguity for understanding concept of banking business in Islam.

### **Al Quran**

**The first one is in Surah Al-baqarah verse no.275**

"Those who devour usury will not stand except as stands one whom the Satan by his touch has driven to madness. That is because they say, "trade is like usury", but Allah has permitted trade and has forbidden usury", **Explanation** ("Usury is condemned and prohibited in the strongest possible terms. There can be no question about the prohibition. When we come to the definition of Usury there is room for difference of opinion. 'Umar, according to Ibn Kathir, felt some difficulty in the matter, as the Prophet left this world before the details of the question was settled. This was one of the three questions on which he wished he had more light from the Prophet, the other two being Khilafah and Kalalah Our 'Ulama, ancient and modern, have worked out a great body of literature on Usury, based mainly on economic conditions as they existed at the rise of Islam.

An apt simile: whereas legitimate trade or industry increases the prosperity and stability of men and nations, a dependence on Usury would merely encourage a race of idlers, cruel blood-suckers, and worthless fellows who do not know their own good and are therefore akin to madmen.. Owing to the fact that interest occupies a central position in modern economic life, and especially since interest is the very life blood of the existing financial institutions, a number of Muslims have been inclined to interpret it in a manner which is radically

different from the understanding of Muslim scholars throughout the last fourteen centuries and is also sharply in conflict with the categorical statements of the Prophet (peace be on him). According to Islamic teachings any excess on the capital is *riba* (interest). Islam accepts no distinction, insofar as prohibition is concerned, between reasonable and exorbitant rates of interest, and thus what came to be regarded as the difference between usury, and interest; not between returns on bonus for consumption and those for production purposes and so on.") **In the next verse verse 276 in the same place he says,** "Allah will deprive usury of all blessing, and will give increase for deeds of charity, for he does not love any ungrateful sinner."

**Two verses later in verse 278 he says,** "Oh you who believe! Fear Allah and give up what remains of your demand for usury if you are indeed believers." **In verse 279 he says,** "If you do not, take notice of war from Allah and his Messenger sallallahu alaihe wasallm but if you repent you shall have your capital sum. Deal not unjustly and you shall not be dealt with unjustly." **Explanation:** "This is not war for opinions, but an ultimatum of war for the liberation of debtors unjustly dealt with and oppressed". **In the second place in Surah Aal-Imran, verse no.130 Allah says,** "Oh you who believe! Devour not usury doubled and multiplied; but fear Allah that you may prosper." **In the third place in Surah Al-Nisaa' Allah states in verse 161,** "That they took usury though they were forbidden and they devoured people's wealth wrongfully; we have prepared for those amongst them who reject faith a grievous chastisement." **In the fourth place, Surah Al-Room, verse no.39 Allah mentions** "That which you give in usury for increase through the property of people will have no increase with Allah: but that which you give for charity seeking the countenance of Allah, it is these who will get a recompense multiplied." **Surah Al-baqarah verse no.173** "He hath only forbidden you dead meat, and blood, and the flesh of swine" Here it means that Allah Almighty has given us exception to eat Haram but till the time you save ur life once your life is saved keep struggling for Halal food.

## **Ahadith**

Hazrat Abu Hurairah radiyallahu anhu reported that the Holy Prophet sallallahu alaihe wasallm said: "A time will certainly come over the people when none will remain who will not devour usury. If he does not devour it, its vapour will overtake him" (**Ahmed, Abu Dawood, Nisai, Ibn Majah**). Hazrat Abu Hurairah radiyallahu anhu reported that the Messenger of Allah sallallahu alaihe wasallm said : "Usury has got seventy divisions. The easiest division of them is a man marrying his mother" (**Ibn Majah**).

Hazrat Abu Hurairah radiyallahu anhu reported that the Messenger of Allah sallallahu alaihe wasallm said: "I came across some people in the night in which I was taken to the heavens. Their stomachs were like houses wherein there were serpents, which could be seen from the front of their stomachs. I asked: O Gabriel! Who are these people? He replied these are those who devoured usury" (**Ahmed, Ibn Majah**). Hazrat Abdullah bin Hanzalah radiyallahu anhu (who was washed by the angels) reported that the Messenger of Allah sallallahu alaihe wasallm said: "A dirham of usury that a man devours and he knows is greater than 36 fornications". (**Ahmed, Darqutni**). Hazrat Muhammad bin Hanzalah (saww) has considered that person deserving for curse of Allah who receives interest, pays interest and who give surety for interest and said that they all are equal (**Muslim 2<sup>nd</sup> edition pg 27**).

## **Fatawaz**

According to scholar Abdul Qyyum Khan the job in banking sector is allowed but in the time of severe need and that person should keep struggling for the pure and Halal source of earning once Hala source is found he must Immediately discontinue his job (**Minhaj ul fatawa 4<sup>th</sup> edition pg 84,85**). Scholar Ahmad Raza Khan says about banking job that any Illegal business activity in which exchange of interest, recording of interest and receipts and payments of interest are made , job in that business is Haram and if salary is given from halal earnings but due to this job that salary also will be Haram and if salary is given from amount of Haram source than it is Haram twice (**Fatawa Rizwia 19<sup>th</sup> edition pg 515**).

Again scholar Ahmad Raza says that banks that are dealing in interest are doing Haram business and are performing devilish activities and even being their member is also Haram and both (payer and payee) are equal (Fatawa Rizwia 17<sup>th</sup> edition pg 343).

### **Turnover intention**

Turnover refers basically to permanent quitting or getting separation from job. Until mid late of 1970s most turnover models actually showed direct relationship between turnover and employee attitude (Bayfield and Crockett, 1955; Vroom, 1964). Organizational researchers showed modest relationship among these attitudinal variables and this volunteer turnover. Steers and Porter (1973) said that there should be attention and focus towards understanding this process of turnover that how does it actually happened and they named it "intent to leave".

The evidences that are found recently about turnover are broken into two categories : the cross sectional industry studies (Stoikov and rarnon 1968; Kur-ton and Parker 1969; Pencavel 1970; parsons 1972; Telser 1972), and the very recant studies using longitudinal data on individuals (Rartal 1975; and Borjas 1976; Janavonic and Mincer 1078).a model was given in 1977 by Mobley that was showing a relationship between turnover and job satisfaction furthermore he explained factors that were primarily concerned with job dissatisfaction and later they were leading to permanent job quitting from their organization. these were comprised upon thinking of quitting, evaluating the expected utility of searching for a new job, intention to search , searching for alternatives, and the cost of quitting , evaluation of alternatives , comparison of alternatives with the current job and finally intent to quit. But the main question that was arising here that either all decisions that were discussed by Mobley were having some sort of firm validity or not and later studies proved that all decisions were not of the same signifiacnce level even some were lesser significant.

As according to many scholars workplace turnover is a phenomena that should be predicted as much as possible (McEvoy and Cascio, 1985) because it is connected with costs resulting from E.g., recruitments and hiring new personnel or initial period failure costs it

happens most of the times that some organizations prefer quitting of underperforming employees and retention of those employees who are outperforming and want them to stay with them for an everlasting period. Turnover intention may be perceived positively from employees perspectives as they seek or prefer material and immaterial considerations. Turnover intention may be said a positive phenomenon when seen in the light of employability. Furthermore benefits like higher wages and higher promotion chances also change probability of turnover.

Reduction in turnover due to ability of all these aspects of compensation is considered as a core base of several famous theories of turnover where compensation is considered as an incentive device. Many of papers have advocated that firms use idea of above market wages payment for reducing quits because they believe that there marginal benefit would lead their marginal cost that is occurred for retaining their employees .the focus of theory of increased productivity is on exit-voice trade off. In this model a worker may have two choices either to change his job (exit) or change the situation by coming on active role (raising voice). But most often voice is used.

### **Study 1**

In study one that was actually exploratory study an open ended questionnaire was made and distributed among different banks employees in various cities of Pakistan as well as to the people who have resigned from their jobs

#### **Sample size**

40 people were selected as a sample out of them 20 were those who have resigned from banking job and 20 were who are still working there.

#### **Questionnaire and filling**

this questionnaire took 20-25 minutes to be filled by the employees as detailed and open views were required. This questionnaire included 8 questions for on job employees and 10 questions for the employees that left banking sector. As for getting open ended questionnaires filled by banking employees' personal visit was given to the employees in banks. As it was difficult to trace out the employees who has resigned from banking sector due to religiosity and they were dispersed in different cities of country so mostly were questioned telephonically.

## **Results of study 1**

Here findings stated that almost all people who are working in banking sectors admit that this job is purely not Halal and admit the factor of interest (Ribba).who are working still there they are even seeking for best carrier opportunities other than banking sector and old employees even did not respond properly due to they have given a lot of time for their carrier building and even they were showing higher loyalty with their job but they still accepted that this job is not fair 100%.most of them said that banking is need of era its necessary for economical growth and some said that it is a business with some anti Islamic aspects and Islam allows business so it may not be totally said as illegal and Harram business. People who have resigned from their jobs of banking they clearly mentioned that religion was an influencing factor for their job termination together with blend of other factors. one of them even clearly mentioned for fetal flaws of banking that forced him to leave this job that were: the capital structure is mix of harram and hallal source of financing, bench mark is based upon LIBOR or KIBOR instead of gold and silver price changes, unlawful imposition of penalties over customers and in leasing if car is theft bank gets unfair earning by insurance claim and by getting remaining installments from customer. people who actually have left banking sector were more expressive and open to share their views about banking and religiosity than those who are still working in banking organization even they admit that banking may not be said a pure Islamic business but they become somehow diplomatic about their jobs and were some reserved in shearing their views but most of young bankers showed their interest to choose other job on the knock of opportunity.

**Insert figure-1here**

## **Study 2**

### **Purpose of Study 2**

The purpose of the study is to empirically verify the model driven from study one. The model states that there is the relationship between Religiosity and switching intention that's why on the basis of induction, the suggested hypothesis is

H1: There is a positive relationship between Religiosity and Turnover intention.

### **Methodology**

Here questionnaires were distributed to on job banking employees the number of distributed questionnaires was 250 out of them 205 were received so the response rate was 82% that was good enough. In respondents the demographical dimensions were comprising upon organizational status (SD: 48.9) 26.3% employees of this sample were from public sector,70.7% from private sector and 2.9% from semi governmental sectors, Employee status (SD: 50.1) there were 49.3% employees who were on contracts and 50.7% employees were permanent, in Gender there were 145 males who were representing 70.7% of total sample and females were 60 in number and 29.3% and SD of gender stood (SD: 45.6 ), marital status (48.8 ), age (SD: 62.5), experience (SD:71.7) here 65.9% experienced from 1-5 yeas, 19.5% were experienced from 6-10 years and all other were experienced more than this, pay (SD: 84.9).

### **Measures**

Here the focus upon asking questions was to find out the intensity of religiosity in employees and their intention to leave due to that religious factor. Two questionnaires were distributed where 1 for religiosity, 1 for turnover intention. Here questionnaire of turnover intention by Walsh was used that is based upon seven likert scale and questionnaire of religiosity was of Muhammad Shabbir with 5 likert scale (1=strongly disagree to 5=strongly agree).here convenience sampling method was used. These questionnaires were distributed in mostly lesser experienced employees as more experienced employees have more carrier commitment so produced results might not be fully accurate .All questionnaires were distributed in different cities of Pakistan for the sake of achieving more appropriate results. There liability analysis showed cronbach,s alpha of scale of religiosity 0.78 that was good and reliability of scale of switching intention stood 0.79 that was meeting the criteria. The average time for filling the questionnaire stood 7-8 minutes.

### **Results of Study 2**

**Insert table-1 here**

Reliability of the scales was measured through Cronbach's Alpha. The Values of Alpha confirms the reliability of adopted instruments and the level of 0.70 suggested by (Nunnally, 1978). According to the results, The Alpha coefficient of religiosity is .79 and Alpha of switching intention is .78 that is acceptable. Results show that there is a significant positive relationship between religiosity ( $r=0.187, p < 0.01$ ) and employees switching intention ( $r=0.187, p < 0.01$ ) and our hypothesis H1 is accepted that confirms positive relationship between religiosity and switching intention of banking employees and tells that if religiosity increases it will also increase switching intention.

**Insert table-2 here**

Value of  $\beta$  in standardized coefficients is .299 that shows a significant impact of religiosity on switching intention of banking employees and level of significance is .001 that is acceptable.

Here value of R square tells there is .053 variance due to religiosity in switching intention of banking employees, but this shows that religiosity is a factor for influencing switching intention but with low intensity. Value of significance of R square is .001 that proves the significance on it and tells that independent variable creates variance in dependent variable and value of F is 11.275 that proven significance.

**Conclusion:**

According to this research we conclude that there is a positive significant relationship between Religiosity and Switching Intentions of Banking Employees by our analysis and results. So, as the factor of Religiosity increases then the factor of Switching Intentions among Banking Sectors Employees will also prevail, vice versa. So it can be said that religiosity is a contributory factor that influences decision of switching or quitting in banking sector. This research is generalized for the Banking Industry of Pakistan.

**Discussion:**

Turnover intention is actually associated with permanent separation from the current job. There may be many factors that can induce attention of employees towards intention of turnover. Different researchers have worked on different factors that partially bring the phenomena on turnover in action, according to some researcher turnover is affected by internal

and external motivation while some said that it has a link with job satisfaction, well this is generally acceptable as employee is satisfied there are lesser chances of his turnover while there may be different factors that can bring satisfaction to employee. Different researchers perceive turnover with different view as someone perceives it a negative occurrence that can bring loss of costs that were occurred on employee but some perceive it as positive phenomenon as organizations should replace underperforming employees with over or out performing ones.

Religion is an important factor that builds boundaries and settles patterns of dealing in every phase on human being. As religion helps to determine activities so it also have contribution in doing business activities as Islam permits for doing hallal business and forbids for engaging in unfair business activities. As banks are dealing in interest based system that is prohibited by Islam but people are still doing banking jobs. For exploring the fact that either the banking sector employees are influenced by religion or not an open ended survey was conducted with open views of banking employees along with those who left banking sector and this study gave a forward push for continuing this work as it was found that banking employees are conscious about their religion so next move was to make a close ended questionnaire here questionnaire of Walsh for switching intention and questionnaire of Shabbir was used for measuring the religiosity here H1 was made that was proving positive relationship in religiosity and banking employees switching intention and results were also supporting study one and finally a positive and significant relationship was found in religiosity and banking employees switching intention.

**LIMITATIONS**

The results may vary if following limitations are removed:

- In this research a limited sample size was considered but variation in sample size may alter the results
- The survey was conducted from limited cities of Pakistan but those were major cities and change in cities may alter the results

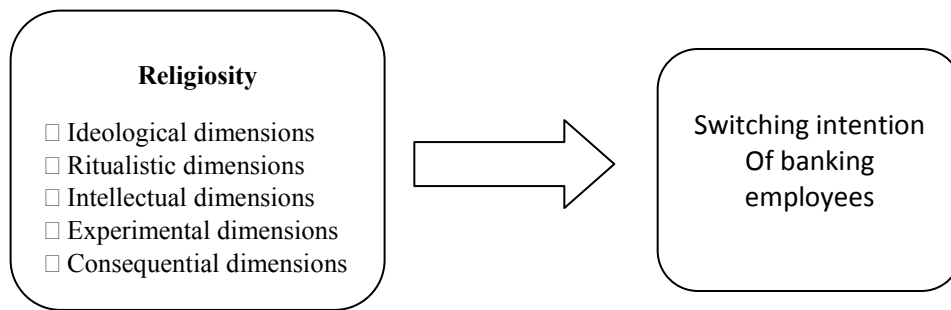
- The focus of survey was on fresh employees in banking sector due to their less experience and carrier commitment as shifting this focus may replace the results.

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Figure-1 Model Driven form Study 1



**Table 1 Reliability Statistics**

Scale	Cronbach's Alpha	# of Items
Religiosity	.78	25
Switching intention	.79	3

**Table 2 linear regression**

<b>variable</b>	<b>Coefficients</b>	<b>Std.error</b>	<b>Standardized coefficient</b>	<b>Sig.</b>
<b>Constant</b>	2.540	.664		0.000
<b>Religiosity</b>	.492	.147	.299	0.001
<b>R<sup>2</sup></b>	.053			
<b>F.statistic</b>	11.275			