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Cultivating Innovation: The Mediating Role of Flexible Work Arrangements between Islamic Organizational Culture and Innovative Work Behavior in Philanthropic Institutions

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ABSTRACT

Purpose – This study examines the effect of Islamic organisational culture (IOC) on innovative work behaviour (IWB), with flexible work arrangements (FWA) serving as a mediator variable.

Design/methodology/approach – A quantitative study methodology was utilised, employing questionnaires as the primary instrument for data collection, with data analysed using SPSS version 26. The Sobel test was utilised to evaluate the mediating affect. The entire sample comprised 59 responders from six Islamic charity institutions.

Findings – The findings indicate that IOC exerts a positive and significant influence on FWA. Furthermore, there exists a notable positive and significant relationship between IOC and IWB. Additionally, FWA are shown to significantly enhance IWB. Nevertheless, the FWA does not serve as a mediator in the relationship between the IOC and the IWB.

Research implications – The results affirm the significance of fostering Islamic principles that correspond with adaptable work policies to encourage innovative work behaviour. Institutions ought to establish value-based frameworks (trust, fairness, integrity) and incorporate them into human resource practices, leadership, performance assessment, competency enhancement, and reward mechanisms.

Originality/value – This study offers empirical data about the mediating function of FWA in the relationship between IOC and (IWB), utilising a sample of Islamic charitable institutions; it enhances the literature on value-based organisational behaviour in a non-corporate context.

Keywords Islamic organizational culture, Flexible work arrangements, Innovative work behaviour, Islamic philanthropic institutions.

Paper type Research paper

1. Introduction

Globalisation amplifies competition and necessitates that organisations depend on the calibre of human resources to sustain performance and competitive advantage. Innovation serves as the foundation of strategy—alongside "not competing," as articulated by Robbins—with proficient, capable, and disciplined human resources as essential for productivity (Mariyono, 2020; Smith & Collins, 2005; Jayendra & Hendriani, 2022). In this context, organisational culture acts as a social influence that guides members' actions towards the attainment of shared objectives.

Innovative work behaviour (IWB) is a crucial ability for addressing the challenges of the contemporary period. Evidence indicates that roughly 80% of innovations stem from employee ideas, whilst 20% arise from organisational structure programmes; this substantiates IWB as a catalyst for innovation at the individual level (Getz & Robinson; Amalia & Handoyo, 2018). Innovative employees do not merely execute their responsibilities; they proactively conceive and cultivate ideas for the sustainability of organisational success (Parashakti et al., 2016).



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Islamic charitable institutions are influenced by Islamic ideals and practices that inform their organisational culture and daily work conduct. This culture functions as an ethical and motivational benchmark, as indicated by field research suggesting that a focus on "God's pleasure" fosters more long-term work commitment than motivation derived merely from financial compensation. A robust organisational culture theoretically enhances cohesion, fosters a sense of belonging, and aligns goals (Asbari & Santoso, 2019).

Flexible work arrangements (FWA) are shown to enhance engagement, motivation, satisfaction, loyalty, and IWB, even in distant settings, and influence retention (Irawati, 2019). Autonomy enhances the motivation to produce novel concepts (Kessel et al. 2012), and local data indicates that FWA significantly positively influence IWB (Primandaru & Prawitasari, 2022). Nonetheless, the adoption of FWA is not guaranteed: certain conservative organisations express apprehension regarding potential declines in performance; a survey conducted by the International Workplace Group (2018) revealed that 41.8% of organisations harbour these concerns, largely attributable to a lack of uniform comprehension of the concept among non-executive personnel (Gunawan, 2020).

This study examines the relationship between Islamic organisational culture (IOC) and IWB, with FWA serving as a mediator. Its contributions are both theoretical and empirical: (i) examining the function of FWA intermediaries in the Islamic culture–IWB relationship within the framework of religious non-profits; (ii) offering a policy foundation for Islamic philanthropic organisations to formulate value-driven FWA (trust, justice, accountability) that align with cultural principles; and (iii) enhancing the literature on religious value-oriented organisational behaviour beyond corporate settings. This study integrates the urgency of innovation, the influence of Islamic culture, and flexible work design as a cohesive method to enhance IWB.

2. Method

2.1 Sampling

This study employs a quantitative methodology with a descriptive framework. Data collection methods were executed through the distribution of questionnaires administered directly to employees and pertinent authorities who were the topic of the research. The sample method employed was saturation sampling, encompassing 59 respondents from all employees at six Islamic charity institutions in Bengkulu (Sugiyono, 2018; Nafsiah, et al., 2024; Agusti, et al., 2025). The primary instruments under examination are Islamic corporate culture, innovative work behavior, and work arrangement flexibility. The research instrument employed a Likert scale to derive scores from the questionnaire, facilitating the characterization of individual and collective attitudes or perceptions regarding the researched variables.

The measurement instrument in the reliability test establishes that an indicator is deemed reliable if the Cronbach's Alpha value exceeds 0.7; conversely, a value below 0.7 signifies that the indicator is unreliable. This study conducted a series of classical assumption tests, including a normality test to evaluate the normal distribution of independent and dependent variables in the regression model, a heteroskedasticity test to ascertain variations in residual variance among observations, and a multicollinearity test to identify strong linear relationships among independent variables.

2.2 Analysis Plan

Data analysis using linear regression and the Sobel test to assess the mediation effect. During the analytical process, various methodologies are employed, including a validity test designed to assess the degree to which the question items can measure the intended variables. An instrument is deemed valid if it can precisely measure its intended target. The validity of the questionnaire items was assessed by analyzing the correlation coefficient, comparing the computed r value (r_{xy}) to the tabulated r value. The threshold for the r value utilized was 0.5. If the significance value is greater than or equal to 0.5 ($r_{xy} \geq 0.5$), the questionnaire item is deemed legitimate.

2.3 Hypotesis

H1: Islamic organizational culture has a positive influence on work arrangement flexibility. Organizations that implement Islamic values in their work culture tend to be more adaptable and open to employee needs, including flexible work arrangements. This aligns with the principles of shura (consultation) and justice in Islam, which promote a balance between organizational interests and individual well-being.

H2: Islamic organizational culture has a positive influence on innovative work behavior. Islamic values such as trust, excellence, and hard work play a role in encouraging employees to generate new ideas, make continuous improvements, and provide creative solutions in their work. Thus, a strong Islamic organizational culture can motivate the growth of innovative work behavior.

H3: Work arrangement flexibility positively influences innovative work behavior. Work flexibility provides employees with the space to arrange their time, location, and work methods according to their best conditions. This can increase job satisfaction, reduce stress, and give employees the opportunity to focus more on generating innovative ideas.

3. Results and Discussion

3.1 Validity and Reliability Test

Validity testing assesses the appropriateness of a questionnaire as a research instrument. A questionnaire item is deemed legitimate if the computed r value exceeds the tabulated r value. This study established the table r value at a significance level of 0.05 using a two-tailed test with a sample size (n) of 59, yielding a degree of freedom ($df=n-2$) and a table r value of 0.256. Reliability testing evaluates the consistency of a research tool. A questionnaire is deemed credible if respondents' replies to the statement questions exhibit stability or consistency over time. An instrument is said to possess good reliability if the Cronbach's Alpha value exceeds 0.7.

Table 1. Reliability test

Sn.	Variable	Cronbach Alpha	Reliability Standar	Status
1	Islamic organizational culture	0,772	0,70	Reliable
2	Flexible work arrangements	0,722	0,70	Reliable
3	Innovative work behaviour	0,714	0,70	Reliable

Sources: Primary data, 2024

3.2 Normality Test

The table 2 indicates that the value of Asymp. Sig. (2-tailed) is 0.200. Given that this p -value above 0.05, it can be inferred that the data in regression I follows a normal distribution.

Table 2. Normality test of equation I

One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		59
Normal Parameters ^{a, b}	Mean	.0000000
	Std. Deviation	2.26788294
Most Extreme Differences	Absolute	.095
	Positive	.095
	Negative	-.091
Test Statistic		.095
Asymp. Sig. (2-tailed)		.200 ^{c, d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Sources: Primary data, 2024

3.3 Coefficient of Determination Test

This test is used to assess the extent to which a model is able to explain variations in the dependent variable. The table 3 indicates that the value of Asymp. Sig. (2-tailed) is 0.200. Given that this p-value above 0.05, it can be inferred that the data in regression I follows a normal distribution.

Table 4. Coefficient of determination test

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.378 ^a	.143	.128	2.288

a. Predictors: (Constant), BOI_X

Sources: Primary data, 2024

3.4 Simultaneous Test

This test assesses the significant degree of the simultaneous influence of independent variables on the dependent variable. The computed F value is 9.501, above the tabulated F value of 4.01, with df1 (number of variables – 1) equal to 1 and df2 (N – number of variables) equal to 57. The test findings indicate a significance level of 0.003, with the significance value being less than 0.05. Consequently, the alternative hypothesis (Ha) is accepted, while the null hypothesis (Ho) is rejected.

Table 5. F-Test results for equation I

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	49.723	1	49.723	9.501	.003 ^b
	Residual	298.311	57	5.234		
	Total	348.034	58			

a. Dependent Variable: PKF_Z

b. Predictors: (Constant), BOI_X

Sources: Primary data, 2024

3.5 Hypothesis Test

This test seeks to ascertain the degree to which the independent factors can partially affect the variation in the dependent variable. The hypothesis is accepted when the significance value is less than α 0.05 and the computed t-value exceeds the tabulated t-value. Consequently, the null hypothesis is rejected, indicating a substantial effect of the independent variables on the dependent variable individually.

Table 6. Hypothesis test for equation I

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	5.325	4.573	1.165	.249
	BOI_X	.591	.192	.378	.003

a. Dependent Variable: PKF_Z

Sources: Primary data, 2024

This test seeks to ascertain the degree to which the independent factors can partially affect the variation in the dependent variable. The hypothesis is accepted when the significance value is less than α 0.05 and the calculated t-value exceeds the tabulated t-value. Consequently, the null hypothesis is rejected, indicating a substantial impact of the independent variables on the dependent variable separately.

This test seeks to assess the degree to which the independent factors can partially affect the variation in the dependent variable. The hypothesis is accepted when the significance value is less than α 0.05 and the calculated t-value exceeds the table t-value. Consequently, H_a is accepted, indicating a substantial effect of the independent variables on the dependent variable separately.

Table 7. Hypothesis test for equation II

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	10.362	3.347		3.096
	BOI_X	.318	.150	.271	2.122
	PKF_Z	.215	.096	.287	2.246

a. Dependent Variable: PKI_Y

Sources: Primary data, 2024

3.6 Regression Analysis

This study was performed to ascertain the influence of the independent variables on the dependent variable. This study employed two regression models: the first assessed the impact of IOC on FWA, while the second examined the effects of both IOC and FWA on IWB.

Table 8. Hypothesis test for equation II

Coefficients ^a					
Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	5.325	4.573		1.165
	BOI_X	.591	.192	.378	3.082

a. Dependent Variable: PKF_Z

Sources: Primary data, 2024

3.7 Discussion

The t-test results for equation I indicate an estimated t-value of 3.082 for IOC, with a significance level of 0.03. This value exceeds the t-table value of 2.00324, and the significance level of 0.03 is inferior to $\alpha = 0.05$. Consequently, the initial hypothesis (H_1) is affirmed. The IOC demonstrates a substantial and beneficial impact on FWA. The IOC, including the optimal utilization of reason, functioning as a form of worship, embodying the principle of *tawazun*, executing the role of *khalifah*, adhering to the principles of benefit and *maslahat*, maintaining unwavering faith and optimism, and evaluating *halal* and *haram* considerations, impacts the execution of a flexible work system for employees within their environment. In light of the role of Muslims as *khalifah fil ardhi* and as proponents of *rahmatan lil 'ālamīn*, Muslims carry the responsibility of stewarding the world and its resources. Consequently, activities pertaining to the management of natural resources are vital for Muslims to fulfill their essential demands (Muhsoqih, 2021). A flexible work structure enables employees to more efficiently balance their daily activities and reduces possible conflicts between work and family obligations. (Nuraini, 2017).

The computed t-value for IOC, according to the results of the t-test for equation II, is 2.122 with a significance level of 0.038. Although its significance is below $\alpha = 0.05$, this value is more than the table t-value of 2.00324. Therefore, it can be said that IOC indicators like making the best use of reason, considering work as worship, applying the principle of *tawazun*, performing the role of *khalifah*, taking into account the principles of benefit and *maslahat*, having faith and optimism, and taking into account *halal* and *haram* aspects all have an impact on staff members' creative work behavior in the workplace. The hypothesis is so declared to be accepted. This indicates that the IOC significantly and favorably affects IWB. Employees' innovative work behavior is shaped and encouraged in part by the organizational culture. An organization's cultural values can improve employees' propensity to act creatively at work, foster innovation, and impact how individuals develop as individuals. Parashakti et al. (2016) when a business teaches its

employees about organizational culture and continuously implements this understanding, it may reward employees and create a healthy work environment. In order to create innovations that will eventually improve the competitiveness of the business, this condition pushes employees to further explore and develop their potential (Muhsoqih, 2021).

A t-value of 2.246 with a significance level of 0.029 has been obtained for FWA. This value exceeds the t-table value of 2.00404, while the significance level of 0.029 is below the alpha threshold of 0.05. The facets of flexible work arrangements, including accommodation for familial requirements, the ability to balance professional responsibilities with domestic obligations, the accessibility of permits or leave for family matters, opportunities for part-time employment, and autonomy in establishing work schedules, significantly impact the innovative work behavior demonstrated by employees. This signifies that the ultimate hypothesis has been validated. The findings of this study demonstrate that FWA positively affects IWB. This finding aligns with the research by Primandaru & Prawitasari (2022), which substantiates a positive correlation between FWA and IWB. This indicates that an increase in work flexibility offered by the organization correlates with a heightened propensity for employees to demonstrate innovative work behavior, and vice versa. Increased autonomy granted to employees in structuring their tasks correlates with heightened drive to devise innovative solutions to difficulties inside the workplace (Kessel et al., 2012).

The Sobel test findings indicate a calculated t-value of 1.7515, but the t-table value at a significance level of 0.05 is 2.0040. Consequently, it can be inferred that the computed t-value is inferior to the t-table value. These data suggest that IOC does not affect innovative work behavior through the mediation of FWA. This indicates that employees inside a robust company culture can nonetheless demonstrate innovative work behavior in the absence of FWA. The results indicate that FWA does not serve as a mediator in the connection between IOC and IWB. This is largely due to the fact that flexible work solutions cannot be universally implemented across all job types. A comprehensive investigation is required to determine the appropriateness of an organization for introducing work flexibility.

Furthermore, not all companies or organizations are inclined to embrace a flexible work model. Long-established firms with conventional work systems often express concern that the transition to FWA may impede employee productivity. Nonetheless, the employees of this Islamic charitable organization persist in exhibiting commitment to their work for the greater good. Their demeanor embodies the principles of Islamic organizational culture, which is focused solely on attaining the pleasure and reward of Allah SWT. An illustration of this is evident in the period preceding the significant Islamic holiday of *Eid al-Adha*, also known as the feast of sacrifice. During this period, their workload escalates significantly, characterized by unpredictable hours and the necessity to inspect sacrificial animals at multiple sites. It is not unusual for them to have only a limited opportunity to stop at home. Their commitment to their responsibilities is motivated by the conviction that every virtuous act would be recompensed with benevolence by Allah SWT. They must consistently pursue innovation and efficiency to enhance productivity while complying with existing standard operating procedures (SOPs).

4. Conclusion

The data analysis and testing results of the study on the impact of IOC on IWB, using FWA as an intervening variable, produced various conclusions. The acceptance of hypothesis one indicates that IOC exerts a favorable influence on FWA. Secondly, hypothesis two was accepted, demonstrating that IOC positively impacts IWB. Third, hypothesis three was affirmed, as FWA demonstrated a beneficial impact on IWB. Hypothesis four was rejected as the IOC did not affect IWB through the mediating variable FWA.

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Cultivating
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