The Challenges of Recruitment and Termination of Outsourcing Worker
The Islamic Perspective

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Abstract: Competition in the business and industry is getting tighter, so a company or organization seeks to improve efficiency and cut costs for its employees by recruiting outsourced employees through a third party that is an outsourcing service company. This study aims to analyze the way or model of recruitment and termination of employment on outsourced employees in companies or organizations in Indonesia. Then test it from the perspective of Islam and its influence on job satisfaction or employee performance. This study uses literature analysis of previous studies and conceptual approaches from various sources. Based on the results of the study and facts analysis in the field, the practice of recruitment and dismissal of outsourced employees is generally contrary to the basic Islamic principles. Sometimes even contrary to the rules of labour legislation. There is no difference between the concept of outsourcing in general or conventional with the concept of outsourcing in the Islam, but, implementation in the field which is sometimes done by a company that makes it not allowed in Islam. We argue that one of the gaps between outsourced employees and the companies (both outsourcers and accepting companies) is the absence of Indonesian cultural values and norms and the principles of Islam. Muslim HRD managers in practice apply more literature from the West. It is therefore important for Muslim HRD managers and Muslim outsourcing employees to apply the Islamic approach to work.

1 INTRODUCTION

According to Abbas J. Ali (2010), there are three major challenges that arise in the application of outsourcing labor. First, in HR practice treats the interests of the workforce as a complement of an organization. It is found in Western even in Muslim countries more broadly the problem (Ali, 2010). It is not even shocked that Muslims work in Muslim countries by not implementing Islamic HR (Junaidah Hashim, 2012). The second challenge, in Muslim societies, in which various forms of capitalism are adopted in HR practice, often even exceeds the limits of good business (Ali, 2010). Western behavioral and performance management theories are widely applied in Arab and Muslim countries, the theory of motivation and the value of Western theoretical work may also be inappropriate for Islamic countries (Branine and Pollard, 2010). Finally, as a spiritual guiding principle, that Islam should uphold justice, hate exploitation, and underscore the importance of social relationships in human relations behaviors (for example, employers should consider dismissal or dismissal beyond economic considerations) (Ali, 2010).

In practice outsourced workers (ie contractual employment relationships) are often harmed and aggravated by exploitation of labor workers in contemporary capitalism labor systems in Indonesia (Mebang, 2015). It is estimated that outsourced workers in Indonesia, both working in national and multinational companies, account for 80% of the total workforce (Mebang, 2015). Based on the Statistical Yearbook of Indonesia (BPS report) 2016 the number of permanent workers / employees are 44,434,390 people out of the total population working in various sectors of 114,819,199 people. Thus the permanent workers are 38.7% of the remaining 61.3% are non-permanent workers including outsourced employees. Thus, outsourcing employees in Indonesia are very large. However, in the implementation of the workers / employees, especially those working as outsourced workers do not get the guarantee and legal protection both from the company and the government. In practice, outsourced workers (i.e. contractual

employment relationships) are often harmed and aggravated by exploitation of labor workers in contemporary capitalist labor systems in Indonesia (Mebang, 2015).

Besides the increasingly high global competition and high unemployment in Indonesia and the absorption of the industrial sector towards the low workers, the outsourced workers are often the ones who are sacrificed due to low competitiveness and bargaining with the company. Based on Central Bureau of Statistics (BPS) report 2016, the number of registered job seekers by 2015 are 1,410,428 while registered enrolment is 833. 555 people but the employment placement is only 742.177 so only 52, 6% of acceptable job seekers. (BPS, 2016).

According to Istibanat AS (2009), The consideration of the implementation of cooperation agreement with outsourcing mechanism is based on the basis to improve the competitiveness and effectiveness, and to concentrate on the development of the company's business in the future, it is deemed necessary to submit part of certain job to another company, however, the status of outsourced workers is not guaranteed because the employment relationship is contractual with an average term of 1 year contract, only earns a minimum wage and receives some unfeasible benefits (Mebang, 2015).

2 LITERATURE REVIEW

2.1 Outsourced Workers

The definition of outsourcing is not entirely acceptable and approved in research and practice (Sharda and Chatterjee, 2011). Outsourcing companies can be call centers, vendors, suppliers, service providers, offshoring companies, outsourcers, outsourcing companies, outsourcing business firms, and so on (Sharda and Chatterjee, 2011). According to Alexander and Young, (1996), another major reason for HR outsourcing is to cut administrative and high transaction costs, minimize the workload of regular workers, reduce costs, reap economies of scale, improve quality and efficiency, and gain expertise from outside vendors (Edwin and Ohaegbu, 2015).

Outsourcing is the hired labor of other companies for a certain period of time (Kasmir, 2016). According to Maurice E. Greaver II, there are 7 basic steps that must be done for outsourcing can run smoothly.
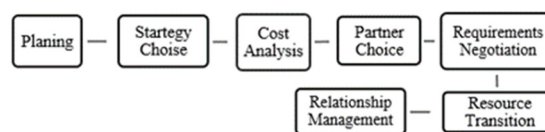

Figure 1: Outsourcing stages.

According to Ernesta Stasiulytė (2011) that almost all motives found in scientific literature are expressed by case studies. Only one motive - access to the latest technology - is not found in the case study. It can be argued that most of the outsourcing motives of human resource management are related to better corporate competence and through this - for greater competitiveness as shown in the table below.

Table 1: Motives of human resource management outsourcing.

Scientific literature review	Case study
Concentration on main activities	Better concentrate on marketing and sales.
Lack of competence in human resource management	External specialists have better competence in change management and problem solving.
Work quality	Employees competence at work. Better services quality. Staff problems always have influence on clients. Clearness a work.
Cost saving	Saving expenses.
Decrease of risk	Reduce possible risk, while having less experience in human resource management.
Lack of time and resource	Not to waste time on not core questions that might be solved by external services providers.
Gain competitiveness	High competence employees help company become more competitive.
Access to the newest technologies	_

2.2 Workers According to Islam

Islam requires a people to work and earn his income through a halal way. Islam not only encourages people to "do good deeds (103-2)" but also requires them to do their work in the field of work, which is beneficial to mankind (Ahmad, 2011). Labor relations with labor laws in terms of Islamic employment can be seen as part of Islamic economic law that has developed through the development of Islamic law that is Sharia. The Arabic word Shari'a is literally defined as "the place of watering, a flow that

flows, where both animals and humans come to drink water (Ahmad, 2011). Whereas the source of the law of the Shariah is the Qur'an, Hadith, Ijma and Qiyas (Ahmad, 2011).

If workers are required to work longer or work beyond their capacity, the employer must provide the necessary assistance. We find the basis for both in Quran and Hadith. Then the Quran says that and when telling the story of Moses and Shu'ayb, the master (Shu'ayb) told Moses that:

"I do not want to be hard on you (by putting more work on you) and you will find me a gentleman, if God wills it "(28:27) (Ahmad, 2011).

The work ethic or ideology of Islam comes from the Quran, Sunnah (sayings and deeds of the Prophet), as well as say and deeds of Companions of the Prophet (Sahabah). The Qur'an reveals its work ethic with the following words: "And there is nothing for a man save what he tries" (53:39). In another verse, the Quran treats the work as a source of honor (Say: Job and God will see your work [09: 106] (Ahmad, 2011).

2.3 Recruitment

Recruitment is an activity to attract a number of applicants to be interested and ask the company in accordance with the desired qualifications (Kasmir, 2016). One of the ways in recruiting is from contract or outsourcing employees who are considered to have good performance and experience. Outsourcing is hired labor from other companies for a certain period of time (Kasmir, 2016). This outsourced workforce is derived from a labor agency that has a number of labor reserves with various qualifications.

In addition, recruitment can also be said as part of the process to get a number of qualified employees to occupy a position or work within a company (Rivai zainal, Basalamah, and Muhammad, 2014).

In the Second World War era the human resources were practically more around war and fighting and most of the recruitment was done for military purposes, and pursued a purely military-related policy. However, today many verses of the Qur'an and Hadith are relevant to modern employee and company relations (Ahmad, 2011). Islam restrain employee to recruit, select, and promote workers based on merit (Ahmad, 2011). Islam calls for recruitment as offering job vacancies in the way of God with trust and responsibility. Islam requires the person in charge of recruitment to be pious and just.

2.4 Work Termination

In essence, there must be a moral constraint on the employer's right to dismiss the employee and the employer's treatment of the employee in the workplace. It is basically in the workplace that there is no limit between business and moral obligations, thus requiring HR policies to build transparency, accountability, fairness and sincerity (Ali, 2010).

A pension or retirement plan is a safety net or "nest egg" that provides a person with financial resources (ie cash flow in the form of monthly payments or lump sum amounts) to pay all expenses when active labor is retired and has no income or salary. These plans are sponsored by employers (eg private and public institutions such as profit and non-profit corporations or state, municipal and local government units) or the federal government, or they are offered by investment brokers as an independent plan fueled by tax incentives. This plan is funded by periodic donations (monthly, quarterly, yearly or once) of the plan sponsor or employer and / or beneficiary during his active life. Another major difference between the two is in terms of control (ie whether the sponsor or beneficiary is responsible for the investment risk and portfolio management associated with the funds invested in generating future cash flow flows on retirement) and portability (ie the ability to take a retirement plan for a new job).

3 RESEARCH METHOD

A scoping review of the literature has been prepared to identify studies on recruitment and termination of employment in outsourced workers. Then we examine human resource outsourcing from an Islamic point of view. the main sources of data from Emerald and Google Scholar. We used search engine to look the keyword that may be found in tittle, abstract, and full text The selected papers were choose based on the similarity of the problem in this paper. We also in this paper present a conceptual approach regarding outsourcing, recruitment and termination of employment.

4 RESULTS AND DISCUSSION

In Islamic law has not found a theory that specifically explains about outsourcing. Theoretically the system of outsourcing in Islam can be analogous to the concept of *Ijarah*. This concept involves

participation between 3 parties (experts / laborers, service providers and users suits). Working, according to Islam is a moral obligation that requires a worker not to earn a living through prohibited types of work such as prostitution, taking flowers etc. Islam also teaches to always be earnest and work. Although no one explains specifically about outsourcing in Islam, In Islam, matters relating to the fulfillment of workers' rights are essential. Islam holds that workers should not be burdened with work like the word of God in the Holy Quran ((2:286) :

> *"God does not burden a person but according to his ability. He has the reward (of virtue) he endeavoured and he is tormented (from evil) that he does.* "(Abdul Azis Ahmad, 2012)

From the quotation, illustrates how Islam protects workers. Junaidah Hashim (2012) in his research also said that applicants should not be tasked with tasks that are too difficult to handle, and also they should be ordered beyond their means. To create a conducive relationship between workers and employers, working relationships must be mutually beneficial partnerships.

There should be no one party to waste and feel tyranny by the other side of the opponent. but the facts on the ground The complexity of outsourcing is like a dilemma, on the one hand the painful side of the worker (labor) because there is no guarantee of the future, for example the possibility of the contract is not continued, start thinking about the career and the future is not clear and so on but on the other hand it spur the growth of form- new business forms it certainly makes it difficult for outsourced workers.

In this case, the application of work with outsourcing system needs to be implemented with the concept of maqashid sharia. Maqashid Shari'ah is Maqasid al-shariah which is regarded as a goal or goal to be achieved in Islamic law. In other words the intended meaning and purpose is beneficial to all mankind. Maqashid shariah in the field of mu'amalah always focuses on aspects of justice and security of property (property). The judicial system and the maintenance of this property should also be placed on the interests of two groups, either workers (workers) or service users (companies / individuals). Maqashid Syari'ah is one important aspect in terms of working concepts in Islam

A Manager of a company selects outsourced employees from a work supplier in the field of human resource management, as it tends to outsource services that external suppliers only for a limited project period. This means companies do not sign long-term partnerships with external service suppliers and only hire them when there is a need (Stasiulyte, 2011). In addition For entrepreneurs, the existence of this outsourcing work system gives a positive impact, because to gain competitive advantage over its competitors, then a company must be able to carry out its activities by spending a low cost. Although in practice, outsourcing systems are sometimes detrimental to workers, in fact, as a business concept, according to Shaista Arshad (2012) in his research, outsourcing has proven to be an effective model for many companies globally. Currently, many Islamic financial institutions are increasingly trying to do business activities through outsourcing recruitment.

The recruitment process in islam should be done fairly and all hiring decisions should be made and made wisely, to ensure that the employee is best suited for the work required. In connection with this, Islam requires that the person responsible for recruitment is a righteous and just man (Junaidah Hashim, 2012). Allah say in Holy Qur'an (4:58):

> *"Surely Allah commands you to fulfil the rights of man to the rightful to receive it and if you set the law among you, you should set the law justly. Lo! Allah is the best adviser, and Allah is all-seeing and all-hearing"*

Create a work contract outsourcing worker, a company must also avoid Gharar (uncertainty). the services description would have to be drafted with suitable clarity (Wilkinson, 2011). Wilkinson further encourages that an outsourced services supplier will probably that the outsourcing contract it is not appointed on a *Wakala* (i.e., agency) basis.

Actually there is no difference between the concept of outsourcing in general or conventional with the concept of outsourcing in the Islamic view called *ijarah*, but if in the implementation of outsourcing system loaded with extortion such as the necessity of workers who resigned to redeem ijazah deposited as collateral at a very high price, in addition to wage cuts in the first month to 50%, then Islamic Jurisprudence firmly says that outsourcing is not allowed. So from the description can be concluded that the occurrence of losses on outsourced workers generally occur because the implementation of the system is not in accordance with the rules.

The interesting problem is that getting the required good staff means decreasing overall standards as well as decreasing qualifications and competencies (May and Askham, 2005). Separating internal and external problems is one of the means to handle recruitment and retention. Such as May and

Askham (2005) say in his research, Another way to get to knowing and understanding the complexity of the problem is to see it not as a problem but as a set of problems that affect staff differences in different ways. On a more positive note one of the things that emerged from the study, in terms of examples of good initiatives on recruitment and retention, is the need to draw out the complexity of the problem and identify internal and external factors. External factors are factors where managers can only control little or no control at all (May and Askham, 2005)

According to May and Askham (2005), the recruitment and retention of a company's managing staff is a complex problem involving on various issues. It is also important to know that many factors affect the recruitment and retention of these outsourced employees. There are four distinct major factors emerging from the data as significant factors regarding recruitment and retention problems; social, financial, political and environmental issues.

Ali (2010) further highlighted the uses of Islamic philosophy such as Ihsan in the workplace will provide a useful framework for protecting the interests of society. Such models offer a useful way for HR practitioners about how to handle HR issues in a meaningful way in Islamic societies and if practiced can help in protecting against human rights violations and achieving a balance between the interests of the organization and society (Mellahi and Budhwar, 2010). Branine and Pollard, in the second paper further explores the Islamic implications of HRM management practices. They acknowledge the apparent gap between management theory and Islamic practice, they highlight that management in Arab countries is strongly influenced by a combination of traditional non-Islam and national cultural values, the norms of different countries and western management think not the Islamic principles (Mellahi and Budhwar, 2010).

The principles of Islamic sharia related to compensation filed by Salleh and Mohamad (2012) include payments decided upon in advance under a well-defined agreement, parallel to the applicable market standard, based on employee experience and qualifications, commensurate with performance, fair, fair, sufficient to meet basic needs, and immediately awarded after the completion of work (Muhammad Habib Rana Muhammad Shaukat Malik, 2016).

As we have tried to show out, it is not a religion that oppresses individual and collective rights, but instead Islam provides direction to do justice and goodness (Ahmad, 2011)

Based on study by Junaidah Hashim (2010), several organizations where respondents work, often

practice Islamic approach in carrying out human resources but the performance appraisal, recruitment and dismissal functions are lacking the Islamic approach. According to Mebang (2015) that, "workers have no job certainty, and comfort work. Because it can be anytime and anywhere can be dismissed. There is no guarantee that the company will extend the contract period, there is no chance of increased status and a very small career ".

The management of human resources in a company must be carried out properly. Where human beings as employees should be treated as human beings who have rights such as health, careers, and occupational safety. But employees also have the duty and responsibilities responsibly so as to produce the desired product company (Kasmir, 2016). According to Hussain and Rehman (2013), many organizations today increase employee salaries and benefits to avoid employee retention (Gumbus and Johnson, 2003). Previous research was conducted by Arthur (1994) and Shaw et al. (1998) Employee retention can be avoided through the application of high-involvement work practices and giving more wages to employees (Rehman and Ur, 2013).

In Islamic human resource management theory, matters related to the fulfillment of workers' rights are crucial, in order to establish a conducive relationship between workers and employers. Islam sees, in the relationship of labor should be a mutually beneficial partnership relationship. Should not one party tyrannize and feel tyrannical by the other party.

5 CONCLUSIONS

Outsourcing for HR functions should be viewed as a business imperative, not a luxury. Approaches and their applications should be tailored to fit perfectly. This partnership should be nurtured and closely monitored. According to Islam, the whole function of life is the process of coordinating a set of activities that must be in accordance with principles derived from the Qur'an and Sunnah. Therefore, outsourcing in an Islamic perspective should be carried out fairly between workers and companies.

The basics of religious human resource strategy especially on outsourced employees is important but rarely highlighted in the literature. There is no difference between the concept of outsourcing in general or conventional with the concept of outsourcing in the Islam, but, implementation in the field which is sometimes done by a company that makes it not allowed in Islam. Such as injustices

received by workers, cuts in salaries of more than 50% and so forth.

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