ResearchGate

See discussions, stats, and author profiles for this publication at: https://www.researchgate.net/publication/321772736

Islamic human resource management (iHRM) enhancing organizational justice and employees' commitment: case of a Qard Al-Hasan bank in Iran

Article *in* Journal of Islamic Marketing · December 2017

DOI: 10.1108/JIMA-03-2017-0029

CITATIONS
29

READS
1,250

2 authors, including:



Farzad Fesharaki
Allameh Tabataba'i University
4 PUBLICATIONS **48** CITATIONS

SEE PROFILE

All content following this page was uploaded by Farzad Fesharaki on 14 July 2021.

The user has requested enhancement of the downloaded file.

The current issue and full text archive of this journal is available on Emerald Insight at:
www.emeraldinsight.com/1759-0833.htm

Received 16 March 2017
Revised 18 June 2017
Accepted 13 July 2017

Islamic human resource management (iHRM) enhancing organizational justice and employees' commitment

Case of a Qard al-Hasan bank in Iran

Farzad Fesharaki and Saied Sehhat
Allameh Tabatabai University, Tehran, Iran

Abstract

Purpose – This paper aims to introduce and promote the novel concept of Islamic human resource management (iHRM) and assess its effects upon two organizational attitudes, namely, perceived justice and employees' commitment.

Design/methodology/approach – The present study is an applicable and empirical research that has used the descriptive–correlative method. The target population consists of 192 employees from Resalat Qard al-Hasan Bank in the city of Tehran. Calculated based on Cochran's formula, 128 people are selected by means of a simple random sampling technique. To collect primary filed data, questionnaires are distributed. The gathered responses are analyzed with the structural equation modeling approach using SmartPLS software package.

Findings – Four dimensions of iHRM, i.e. recruitment and selection, training and development, remuneration and compensation and performance appraisal, are positively associated with organizational justice. Also the first three dimensions have a positive impact on employees' commitment, but the link between performance appraisal and employees' commitment is not statistically significant because of the slightly negative attitude of the employees toward a possible perfunctory routine.

Originality/value – iHRM is one of the emerging trends in Islamic management literature, with limited studies conducted in this specific field. The current effort is one of the first attempts to empirically investigate this relatively new construct in the context of Iran.

Keywords Organizational justice, Employees' commitment, iHRM, Islamic human resource management, Islamic management

Paper type Research paper

Introduction

Effective human resource management is vital for any organization that is attempting to succeed. The quality of human resources, the feeling of people from only interactions, employees' commitment to the organization, their satisfaction from the job they do and their experiences, all have effects on the organizational productivity, delivering services to the customers, organizational image and fame and its survival (Burke, 2017). Many of the human resource management issues have religious roots such as how to treat employees properly and the impact of religion on human resource practices and are of great importance, but they are rarely investigated because of the dominance of secular and materialistic viewpoint in Western science (Hashim, 2009). Determining what is right and wrong, rewards and punishments, work and spirituality and relationships between human beings and God, all are directly or indirectly associated with human resource management issues. The effects of religion on human resource management are represented through the

Journal of Islamic Marketing
Vol. 9 No. 1, 2018
pp. 204-218
© Emerald Publishing Limited
1759-0833
DOI 10.1108/JIMA-03-2017-0029

laws and regulations governing the employee–employer relations. These regulations might be about individual rights such as equal employment opportunities, job security and wage or they might be related to collective rights like forming unions and participative decision-making (Paloutzian and Park, 2014).

Islamic countries now tackle the problem of observing religious norms and duties in the face of Western management solutions (Ali, 2010). These challenges are very much obvious in human resource management practices. Thus the concept of Islamic human resource management (iHRM) has emerged in the management literature of Islamic countries. This means that the attempts to coordinate with the employees and adjust their relations with employer and organization should be according to the Quran and Sunnah. It is important because Islam has the second highest number of followers among all religions, with approximately 1.5 billion Muslims throughout the world, and it is one of the fastest growing religions (Mellahi and Budhwar, 2010).

The waves of Islamic awaking have now reached the shores of human sciences in general and management in particular. The studies in this field are mainly focused on Islamic work ethics and its impact on organization in the form of commitment, satisfaction and loyalty (Ali and Al-Kazemi, 2007). Also in recent years, attempts have been made to study Islamic finance and accounting (Cheng and Liu, 2009), Islamic marketing (Haq and Wong, 2010; Alserhan *et al.*, 2016) and Islamic leadership (Kalmbach, 2015). The search for Islamic management literature indicates the lack of sufficient content on iHRM (Khan and Rasheed, 2015).

The issue that policymakers in the human resource management field in Islamic countries face is whether the imported approaches from the Western cultures are useful (Noor *et al.*, 2017). Although the modernist paradigm believes in worldwide solutions which can be implemented across various environments, the interpretative paradigm speaks of structural differences among human beings and their divergent perceptions from the same concept. Failure of common human resource management policies that originated from Europe and North America in Middle Eastern countries has urged human resource academics to think of new approaches based on local culture and value sets (Punnett, 2015).

Devising appropriate practices in human resource management first need a clear definition of human nature. Because the concept of being a human differs significantly between Islam and materialistic schools of thoughts, human resource management in Islamic societies will be different in Islamic countries (Ramadani *et al.*, 2017). Worldly needs of employees are emphasized in both Islamic and secular ideologies; however, issues such as life after death, hereafter, God and his relationship with human beings are solely discussed in religious discourse (Masum *et al.*, 2016).

All the religions call to justice which is a universal value. Islam urges all Muslims to implement justice in all aspects of their private and social lives (Askari *et al.*, 2014). *The Holy Quran* insists on honesty and justice in trade and business and focuses on equal distribution of wealth in the society[1] (An-Nisaa: 135). Also other Quranic verses have emphasized on the commitment of people. Reviewing the management literature from both the secular point of view and through religious lenses reveals that organizational justice and employees' commitment are related to human resource management manners and practices (Birecikli *et al.*, 2016). Treating the workforce more humanely will make them committed to their job and the company and enhances their perceived justice from the organization. Thus, the aim of current study is:

Research purpose

To investigate the impact of iHRM on employees' commitment mediated by organizational justice.

Theoretical framework and hypotheses' development

Islamic human resource management

Management is one of main Islamic teachings (Alorfi, 2012). Human beings are in the center of attention in Islamic management discussions, and the essential goal is nurturing their spiritual growth and sublimation (Turker, 2016). *The Holy Quran* has emphasized on the importance of human resource management and has devised some principle in this field. In several Surahs, Allah has mentioned the story of people who worked for the prophets and the way they treated the workers (e.g. Al-Qasas; Taha, etc.). The Islamic management paradigm encompasses human resource management practices which means that people's activities are coordinated based on Quran and Shariah; therefore, iHRM means the management of human capital across organizations based on Islamic principles (Zehir *et al.*, 2016). All systems and departments of human resource management in various organizations have similar functions which are based on several common practices and components (Habib and Shaukat Malik, 2016). In the following sections, four dimensions of iHRM have been explained.

Recruitment and selection. Recruitment means hiring people who have the necessary competencies (including: set of skills, capabilities and personality traits) for organizational positions (Dickmann *et al.*, 2016). As Ali (2005) has noted, applicants who seek a job will be evaluated by a pious and just authority. According to Ahmad (1995), the Islamic standards for being accepted for a vacancy include merit and ability. Allah says in *The Holy Quran*: "Said one of the (damsels): O my father! engage him on wages: truly the best of men for thee to employ is the (man) who is strong and trusty" (Al-Qasas: 26). These verses tell the story of two prophets Shuaib and Moses when young Moses fled Egypt and took refuge in Midian where Shuaib was living with his daughters. Because Shuaib was very old, they were looking for a young strong man who could work for them and when they found Moses, they employed him because he was competent and honest. Therefore, from this anecdote, once can learn that capability and trustworthiness are two criteria to look for in a potential job applicant. Ali Ibn Abi Talib ordered Malik al-Ashtar in the Letter 53 of Nahj Al-Balagha to think about his servicemen and appoint them based on their competencies. Also Islam forbids assigning a work that is greater than an employee's capability (No soul shall have a burden laid on it greater than it can bear, Al-Baqara: 233). In addition, the employers should provide correct information about the job and not hide the truth so that the applicants can assess the job offer (And cover not Truth with falsehood, nor conceal the Truth when ye know. Al-Baqara: 42).

Training and development. Training is the process of developing capabilities in human resources, helping them become more productive and contributing greatly toward achieving organizational objectives (Alhejji and Garavan, 2016). According to Quran, the fundamental competency of a human being which leads to making him the deputy of Allah on earth is knowledge[2] (A-Baqara: 30-31). Human beings who possess knowledge are superior to others ("Allah will rise up, to ranks, those of you who believe and who have been granted Knowledge". A-Mujaadila: 11). Also Quran mentions the importance of knowledge in Surah Az-Zumar, verse 9: "Are those equal, those who know and those who do not know? It is those who are endued with understanding that receive admonition". These verses clearly indicate the importance of knowledge and training and development as the most effective way to transfer knowledge; thus, it can be inferenced that we should pay close attention to training and development in human resource management bureaus in our organizations. Ali Ibn Abi Talib said that one who engages in a job without prior knowledge about it is someone who walks without direction; as he moves further, he loses his way. But a person who acts upon science and wisdom is like a man who walks in a transparent road (Nahj al-Balagha).

Remuneration and compensation. The aim of any type of payment or reward, whether direct or indirect, is to compensate for an employee's performance and encourage him to reach

higher levels of productivity (Mendes *et al.*, 2017). Quran says in Verse 85 of Surah Al-A'raaf: "Give just measure and weight, nor withhold from the people the things that are their due; and do no mischief on the earth after it has been set in order". Islam has emphasized that employees should receive sufficient and reasonable salary which is in proportion to the quality and quantity of the job ("And to all are degrees according to the deeds which they [have done], and in order that [Allah] may recompense their deeds, and no injustice be done to them". Al-Ahqaf: 19). Also Quran mentions in the story of Prophet Moses and Shuaib that remuneration will be agreed upon by both parties[3] (Al-Qasas: 27-28). The interpretation of these benevolent verses in the context of iHRM is that the salary of the worker will be designated exactly well before the job commences, and the level of wages and benefits should be in accordance with the importance and difficulty of the profession.

Performance appraisal. The normative instructions of Quran about the performance appraisal can be divided into three categories: contractual regulations, self-responsibility and self-control and God's appraisal of people's deeds (Harbi *et al.*, 2016). As for contractual regulations, Islam considers the employment of the person to be as the covenant between the organization and the employee which shall be fulfilled completely. Allah commands the believers to fulfill their obligations (Al-Maaida: 1). Regarding self-responsibility, *The Holy Quran* says that anybody is bound to their own deeds (Al-Muddathir: 38). It means that anyone will face the consequences of their actions and all behaviors will be recorded and evaluated based on the measures. Hence, assessing the deeds of the members of an organization is one of the most important tasks of human resource management executives. Performance appraisal can provide valuable feedbacks to employees to modify and correct their activities. In Islam reward and punishment are both in dunya and in hereafter (Whoever doth wrong, him shall we punish; then shall he be sent back to his Lord; and He will punish him with a punishment unheard-of before. But whoever believes, and works righteousness, he shall have a goodly reward, and easy will be his task as we order it by our Command. Al-Kahf: 87-88).

Organizational justice

Justice is one of the key concepts in Islam and in other monotheist religions (Sears and Herriot, 2016). Allah says in Verse 25 of Surah al-Hadid: "We sent aforetime our messengers with Clear Signs and sent down with them the Book and the Balance (of Right and Wrong), that men may stand forth in justice". He also mentions: "And the Firmament has He raised high, and He has set up the Balance (of Justice)" (Ar-Rahmaan: 7). In addition, we read in Verse 8 of Surah Al-Maaida: "O ye who believe! stand out firmly for Allah, as witnesses to fair dealing, and let not the hatred of others to you make you swerve to wrong and depart from justice. Be just: that is next to piety: and fear Allah".

Justice is also mentioned in organizational and management literature which is called organizational justice that refers to employee perceptions of fairness in the workplace. These perceptions can be classified into three categories: distributive, procedural and interactional (Khan *et al.*, 2015). Human resource management practices have a great impact on perceived organizational justice, because the way that an employer behaves toward his/her employees affects the employees' perception. If recruitment and selection is biased, the job applicants feel that they are subjected to an unjust employment process (Pindek *et al.*, 2017). Also lack of provision of training and development to the employees inculcates a sense of dissatisfaction with the organization, in turn harming their perception of a just organization. The other important factor in forming organizational justice is appropriate remuneration. Personnel will receive rewards and punishments in proportion to their efforts in the company. The remuneration should be in accordance with quality of the quantity of the job undertaken. And

last, to create a just organization, it is necessary to have periodic performance appraisal so we can assess the employees and their outcome (Wilton, 2016).

Considering the relationship between iHRM and organizational justice, a paper is published by Hashim (2008) which investigated the impact of Quran-based human resource management on organizational justice, job satisfaction and turnover intention. The analysis of data gathered through eight Islamic institutes in Malaysia, supports the positive impact of all four iHRM practices (recruitment, development, compensation and appraisal) on organizational justice. Also Azmi (2015) has approved the significant effects of iHRM practices on perceived justice in organizations. Thus, the following four hypotheses are proposed:

H1. Islamic recruitment and selection has a positive and significant impact on organizational justice.

H2. Islamic training and development has a positive and significant impact on organizational justice.

H3. Islamic remuneration and compensation has a positive and significant impact on organizational justice.

H4. Islamic performance appraisal has a positive and significant impact on organizational justice.

Employees' commitment

Previous studies in the Islamic management literature have found a relationship between employees' commitment and management styles. For instance, Yusuf (1999) indicated that employees' commitment and job satisfaction can lead to an organizational change. Another research by him in 2001 considered Islamic work ethics as the moderator of the relationship between employees' commitment and job satisfaction. Guest (2002) has stated that higher levels of employees' commitment are strongly correlated with implementing appropriate human resource management practices. Managers tend to search for new methods to increase their employees' commitment because it would have positive outcomes for the organization including lower levels of turnout, enhanced job performance and making the firm more competitive.

If recruitment and selection of employees is based on Islam rather than on personal preferences, the committed personnel will then be employed for vacancies (Ratten *et al.*, 2017). Also training and development of employees makes them loyal to the organization because they feel that they are learning new knowledge and skills in the environment and staying with the company will benefit them. Appropriate remuneration and compensation has a significant impact on enhancing employees' commitment, as they feel their efforts would not go into vain. And finally ordered performance appraisal contributes to making employees committed for the reason that it gives feedback about the turnover (Osman *et al.*, 2014).

Because Islam reckons work as the main element contributing towards the success of human beings in life, it not only encourages employment but also promotes employees to seek perfection in their profession. Accordingly employees will engage in work with their full capacity and be totally committed to their tasks and to their organization (Abdullah *et al.*, 2014). Therefore these hypotheses are developed:

H5. Islamic recruitment and selection has a positive and significant impact on employees' commitment.

H6. Islamic training and development has a positive and significant impact on employees' commitment.

H7. Islamic remuneration and compensation has a positive and significant impact on employees' commitment.

H8. Islamic performance appraisal has a positive and significant impact on employees' commitment.

Perception of organizational justice can improve employees' commitment, because everybody with good intentions would like to work and stay in an environment which is just, and all pure Muslims hate tyranny. Activities which are done in an unjust company will hurt the committed employees and they start to seek alternative jobs in righteous firms. Islam has prohibited its follower to work for cruel people and urges them to leave the negative atmosphere (Elmore, 2017).

From Iranian researchers, Shabani *et al.* (2012) investigated the relationship between organizational justice and employees' commitment in their paper. That study which has been conducted among the employees of a tax bureau in Khorasan Razavi Province found out that there is positive correlation between the dimensions of organizational justice (distributive, procedural and interactional) and dimensions of employees' commitment (normative, emotional and continuous). Another research titled "Impact of job satisfaction, organizational justice and employees' commitment in governmental organizations in Pakistan" has been conducted by Karim and Rehman (2012). The data from 148 questionnaires of civil aviation agency indicated the relation between organizational justice and employees' commitment. Then according to these evidences, we propose:

H9. Organizational justice has a positive and significant impact on employees' commitment.

Although iHRM has direct impacts on employees' commitment, there are some latent and indirect impacts that seem to be mediated via organizational justice (Zarim *et al.*, 2017). The link between iHRM and employees' commitment is intensified through the perception of organizational justice because it makes employees more eager to continue working for the organization which is administrated based on Islamic norms and also values' justice (Mitchell *et al.*, 2013). iHRM and organizational justice together form a synergy which in turn results in increasing the levels of commitment among employees. Previous studies have found that without organizational justice the relationship between iHRM and employees' commitment would be weak in some cases (Khan, 2015).

Deeper contemplation in the research body reveals that the mentioned constructs have complicated the relationships with each other which are often mediated indirectly through a third variable. Crow *et al.* (2012), in their article, named "Organizational justice and employees' commitment among police officers in South Korea", took the mediating role of job satisfaction into account. Therefore, if iHRM can enhance perceived organizational justice among the employees then they will be more committed to the organization because personnel tend to stay longer in environments where they feel that they are treated more fairly. Hence it could be said that:

H10. Islamic recruitment and selection has a positive and significant impact on employees' commitment through organizational justice.

H11. Islamic training and development has a positive and significant impact on employees' commitment through organizational justice.

H12. Islamic remuneration and compensation has a positive and significant impact on employees' commitment through organizational justice.

H13. Islamic performance appraisal has a positive and significant impact on employees' commitment through organizational justice.

Consequently, the relationships among the research constructs can be depicted in a conceptual model as represented in Figure 1.

Research methodology

The current paper is considered descriptive-correlative in terms of method and inductive regarding the theory testing approach. Data were collected via questionnaires and are quantitative in form. The statistical population comprise 192 employees from Resalat Qard al-Hasan Bank in the city of Tehran, of which 128 were selected by the Cochran formula and simple random sampling technique. Resalat Qard al-Hasan Bank is an Islamic Bank located in the capital city of the Islamic Republic of Iran which provides microfinance to people in need and it also supports local small businesses with several types of loans. As the focal point of this paper is to introduce and test the concept of iHRM, it seems reasonable to select an Islamic institute to conduct the survey. Furthermore it shall be stated that Islamic Banks are the types of organizations that need staff with high levels of commitment because of their critical role in the local society and their supportive role for Muslims (Mollah *et al.*, 2017). Besides Iran is among the largest Islamic countries with an emerging economy, which in recent years, tried to shift toward models of Islamic finance, and the government has devised macro strategies for the monetary sector to encourage Qard al-Hasan and other kinds of loans based on Quran and Sunnah (Hussain *et al.*, 2016). Therefore, choosing the abovementioned bank looks appropriate for our research, and the survey was implemented after negotiating with the

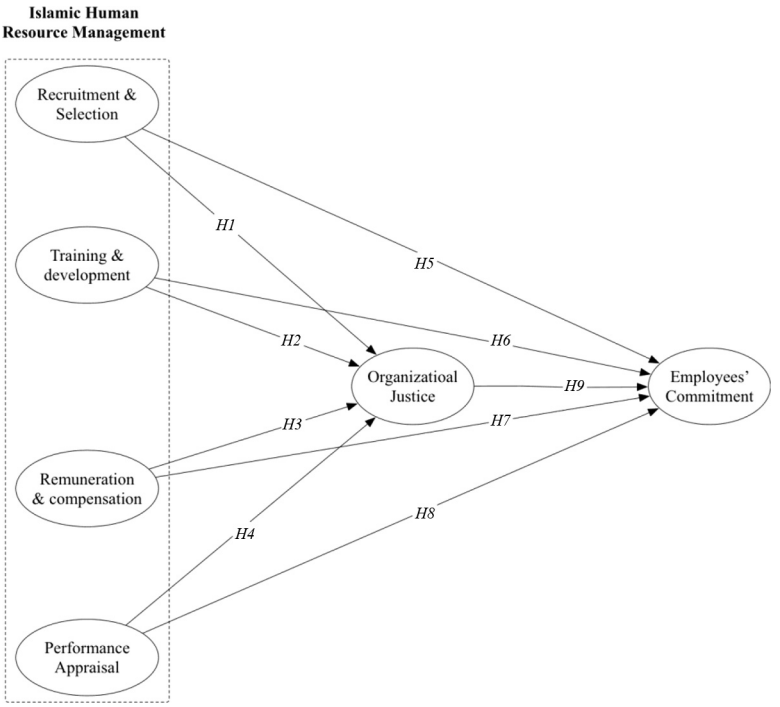


Figure 1.
Research conceptual model

authorities and gaining the necessary licenses. The gathered data were analyzed using structural equation modeling with the help of SmartPLS software. This approach is used because of the latent nature of the variables and multiple relations among the constructs.

Measuring instrument

To evaluate the level of perceived justice in the organization, Niehoff and Moorman's (1993) scale has been used. This questionnaire contains 21 items on a five-point Likert scale which measures organizational justice in three dimensions including distributive justice, procedural justice and interactional justice. For measuring employees' commitment, Meyer and Allen's (1991) scale is used which includes 15 items on a five-point Likert scales measuring three components of employees' commitment, i.e. affective commitment, normative commitment and continuance commitment. To evaluate iHRM, Azmi's (2015) questionnaire has been used. Like the previous two standard scales, this questionnaire also uses a five-point Likert scale. There are a total of 20 items in four components of iHRM (selecting and recruitment, training and development, remuneration and compensation, performance appraisal). Niehoff and Moorman's (1993) and Meyer and Allen's (1991) questionnaires are standard ones which have been extensively studied before. Here we use confirmatory factor analysis to test the fitness of the two aforementioned questionnaires in the research environment. The factor loadings extracted from SmartPLS software were all above the threshold of 0.4 which verify the appropriateness of the items. As iHRM is a newly operationalized construct and Azmi's (2015) scale has not been implemented in the Iranian society yet, we verify its indicators in detail with confirmatory factor analysis technique using SmartPLS software. The factor loadings for each item are represented in Table I.

Because all factor loadings are higher than the critical value of 0.4, each of the items is considered fit for measuring the respective component (Brown, 2014).

Validity of measures

To evaluate the validity of the questionnaire, convergent validity and discriminant validity are calculated by SmartPLS software. The convergent validity is represented by AVE which is shown in Table II.

All amounts are higher than 0.5 and therefore the convergent validity of each construct is approved (Table II).

In the next step, the divergent validity of the construct is calculated by the Fornell–Larcker method as shown in Table III.

Because the values of the main diagonal of the correlation matrix are greater than the values under them or on their left side, the convergent validity of the constructs are verified.

Reliability of measures

For evaluating the reliability of the constructs, two criteria, namely, CA and CR, are calculated with SmartPLS, which are represented in Table IV.

It is evident that all amounts fulfill the critical value of 0.70 so each of the constructs is considered reliable.

Findings

From the 128 employees participating in the survey, 87 (68 per cent) were men and 41 (32) were women. The average age of the respondents is 34.2 years old and most of them (71 per cent)

Component	No	Indicator	Factor loading
Recruitment & Selection	1	Recruiter shall be pious and just	0.45
	2	Organization notifies job description comprehensively	0.58
	3	Organization considers applicant capability	0.43
	4	Organization provides equal employment opportunity	0.61
	5	Organization selects honest people for the job	0.70
	6	Trustworthiness is one of the main criteria for employing	0.49
	7	Recruitment decisions are made by Shura (council)	0.55
	8	If rejected, the reasons for that will be provided for applicant	0.57
Training & Development	9	Organization emphasizes on improving employees' knowledge	0.41
	10	Organization holds skill workshops for employees	0.48
	11	Organization provides Islamic teachings to the employees	0.76
	12	Organization encourages employees for continuous learning	0.64
Remuneration & Compensation	13	Salary is paid on time	0.59
	14	Salary is paid no less than the agreed amount	0.54
	15	Rewards are proportional to quality and quantity of the job	0.44
	16	Extra efforts are rewarded not enough efforts are penalized	0.62
Performance Appraisal	17	Organization evaluates employees' performance continuously	0.49
	18	Performance criteria are equal for all employees	0.60
	19	Appraisal process is not based and prejudiced	0.56
	20	Customers and clientele are encoded in evaluation	0.42

Table I.
iHRM indicators

Criterion	Recruitment	Development	Remuneration	Appraisal	Justice	Commitment
AVE	0.54	0.67	0.58	0.70	0.52	0.63

Table II.
Convergent validity of constructs

Variables	Recruit	Develop	Remuneration	Appraisal	Justice	Commitment
Recruitment	*0.76*					
Development	0.44	*0.81*				
Remuneration	0.36	0.29	*0.73*			
Appraisal	0.58	0.30	0.46	*0.83*		
Justice	0.27	0.47	0.34	0.55	*0.90*	
Commitment	0.31	0.39	0.23	0.38	0.24	*0.80*

Note: Values in italic (along the diagonal) verify the convergent validity of the constructs appropriate

Table III.
Divergent validity of constructs

have a bachelor's degree. Also 109 (85 per cent) are married, while 19 (15 per cent) are single. For evaluating the proposed relationships between the variable, a path analysis technique has been used. The results are represented in Table V.

As we are considering 95 per cent confidence interval, then the absolute *t*-test values will be higher than 1.96 for a hypothesis to be accepted. Thus, all the above-mentioned proposed relationships are supported, except *H8*.

Thus far we have examined only the direct proposed relationships among the research constructs. To evaluate the indirect hypotheses, Sobel's test can be used. Besides for determining the intensity of the path, variance accounted for (VAF) criterion has been

suggested by the experts (Hayes and Scharkow, 2013). These two values can be calculated using the following formulas:

$$\text{Formula 1}: Z - Value = \frac{a \times b}{\sqrt{\left(b^2 \times s_a^2\right) + \left(a^2 \times s_b^2\right) + \left(s_a^2 \times s_b^2\right)}}$$

$$\text{Formula 2}: VAF = \frac{a \times b}{(a \times b) + c}$$

Here a is the path coefficient between the independent variable and the dependent variable, b is the path coefficient between the mediator and the dependent variable and c is the path coefficient between the mediator and the independent variable. Also, s_a is the standard error of the path between the independent variable and the mediator and s_b is the standard error of the path between the mediator and the dependent variable. The calculated amounts are represented in Table VI.

Here it can be seen that *H10*, *H11* and *H12* are accepted at a 95 per cent confidence level, as their Sobel test value is higher than 1.96 but *H13* is rejected.

The goodness-of-fit value for the total model can be extracted through the following formula:

$$\text{Formula 3}: GOF = \sqrt{\overline{Communality} \times \overline{R^2}}$$

The calculated goodness-of-fit amount is equal to 0.38 which shows strong fitness for the final model in predicting the effects. It implies that the model is robust and the relationships are well constructed, thus the model could be a good representation of the reality.

Criteria	Recruitment	Development	Remuneration	Appraisal	Justice	Commitment
CA	0.81	0.74	0.79	0.87	0.72	0.77
CR	0.84	0.76	0.82	0.90	0.74	0.80

Table IV. Reliability of constructs

Hypothesis	Independent variable	Dependent variable	Beta coefficient	*t*-Statistics	*p*-value
1	Recruitment	Organizational Justice	0.22	2.56	0.02**
2	Development	Organizational Justice	0.30	3.78	0.00***
3	Remuneration	Organizational Justice	0.17	2.31	0.02**
4	Performance Appraisal	Organizational Justice	0.15	2.19	0.03**
5	Recruitment	Employees' Commitment	0.21	2.48	0.02**
6	Development	Employees' Commitment	0.33	3.94	0.00***
7	Remuneration	Employees' Commitment	0.12	2.05	0.03**
8	Performance Appraisal	Employees' Commitment	0.07	1.42	0.09
9	Organizational Justice	Employees' Commitment	0.26	3.11	0.01**

Notes: $^{**}p < 0.05$; $^{***}p < 0.01$

Table V. Path analysis results

Discussion

The first group of hypotheses propose the relationship between the four iHRM practices (recruitment, development, remuneration and appraisal) and organizational justice. The findings support such relationships which is consistent with the results of Al-Qhtani (2014). Implementing an Islamic approach in recruiting, training and development, remuneration and performance appraisal, enhances employees' perception of organizational justice.

The second group of hypotheses considers the impact of iHRM practices on employees' commitment. The impact of three components (recruitment, development and remuneration) was significant, but the impact of appraisal was not. This happens because if the applicants are recruited in an Islamic way, trained and developed properly and compensated reasonably, they will tend to stay in their job much longer and feel psychologically and spiritually connected to the organization. It is the case in our studied organization. On the other hand, although performance appraisal is necessary, some employees might not agree with the results and so appraisal does not have a significant relationship with commitment. This can be explained that in some organizations such as our case study, performance appraisal is regarded as a perfunctory routine. Investigating the literature shows that Mutasim *et al.* (2013) have inferred the same.

Also the findings support the hypothesis stating the positive and significant relationship between perceived organizational justice and employees' commitment. When employees believe that their organization is just and acts upon equality, they are motivated for work and subsequently become more committed to the job and organization. Tayeby Nezhad (2011) has found that there is a significant and positive relationship between organizational justice and employee commitment in a public institute in the city of Jiroft.

The last group of hypotheses propose the indirect relationship between the components of iHRM and employees' commitment through the mediating role of organizational justice. Here all the impacts are significant except the one via performance appraisal. The reason is that performance appraisal does not strongly correlate with employees' commitment. This finding is in line with the findings of the research of Budhwar and Mellahi (2007).

Practical implications

In this section, applied solutions are presented for Muslim managers of organizations based on research findings. It has been said that iHRM is a complex construct with four dimensions (recruitment and selection, training and development, remuneration and compensation and performance appraisal) that each of them shall be according to the Islamic traditions. If the recruitment and selection process of the organization is in accordance with Quran, then the employees feel that the organization and its managers are just. Therefore it is suggested to the managers and decision-makers in the organizations to employ just and pious people. Applicants should be employed based on merit and capabilities, and employers should avoid discrimination and bias. Also job applicants should be provided with complete and up-to-date information about vacancies, and if their application is rejected, they should be advised about the reasons of rejection.

It has been proved that training and development of the employees has a positive effect on employees' perceived organizational justice. Thus it is proposed to R&D departments of organizations to conduct sessions and workshops to elevate knowledge and skills of their

Table VI.
Indirect path results

Hypothesis	Independent variable	Mediating variable	Dependent variable	VAF	Sobel
10	Recruitment and Selection	Organizational Justice	Employees' Commitment	0.32	3.97
11	Training and Development	Organizational Justice	Employees' Commitment	0.13	2.16
12	Remuneration and Compensation	Organizational Justice	Employees' Commitment	0.21	2.61
13	Performance Appraisal	Organizational Justice	Employees' Commitment	0.06	1.24

personnel. This leads to enhancement in distributive justice regarding wisdom. It has been said in religious texts that the zakat of science is to disseminate it. Regarding remuneration and compensation, the organization should pay wages and benefits on time and maintain a just image. Furthermore, it is proposed to the managers to constantly appraise the performance of their employees and give them reasonable feedback. Managers should avoid selecting and recruiting their family and friends ahead of other people for job opportunities otherwise personnel would lose their commitment in the organization.

Conclusion

This research was conducted to introduce a relatively newly developed construct in the Islamic management literature, namely, Islamic human resource management (iHRM), and to examine its effects on organizational justice and employees' commitment. The current paper is the first empirical research in this field which has surveyed a target population in Iran. Therefore it has valuable contributions to the literature and could be regarded as a basis for future research on this topic.

Notes

1. "O ye who believe! stand out firmly for justice, as witnesses to Allah, even as against yourselves, or your parents, or your kin, and whether it be (against) rich or poor: for Allah can best protect both. Follow not the lusts (of your hearts), lest ye swerve, and if ye distort (justice) or decline to do justice, verily Allah is well-acquainted with all that ye do."
2. "Behold, thy Lord said to the angels: I will create a vicegerent on earth. They said: Will Thou place therein one who will make mischief therein and shed blood? – whilst we do celebrate Thy praises and glorify Thy holy (name)? He said: I know what ye know not". "And He taught Adam the names of all things; then He placed them before the angels, and said: Tell me the names of these if ye are right."
3. "He said: I intend to wed one of these my daughters to thee, on condition that thou serve me for eight years; but if thou complete ten years, it will be (grace) from thee. But I intend not to place thee under a difficulty: thou wilt find me, indeed, if Allah wills, one of the righteous". "He said: Be that (the agreement) between me and thee: whichever of the two terms I fulfill, let there be no ill-will to me. Be Allah a witness to what we say."

References

Abdullah, Z., Ali, S.H.S. and Jusoh, A.S. (2014), "Analyzing issue of organizational commitment: determining mediating factor of Islamic work ethic", *Journal of Applied Environmental and Biological Sciences*, Vol. 4 No. 5S, pp. 32-40.

Ahmad, M. (1995), *Business Ethics in Islam*, The International Institute of Islamic Thought, Islamabad.

Alhejji, H.A. and Garavan, T.N. (2016), "9 Human resource development in North Africa", *Global Human Resource Development: Regional and Country Perspectives*, Routledge, Abingdon, Vol. 168.

Ali, A. (2005), *Islamic Perspectives on Management and Organization*, Cheltenham, Northampton, MA, Edward Elgar.

Ali, A.J. (2010), "Islamic challenges to HR in modern organizations", *Personnel Review*, Vol. 39 No. 3, pp. 278-302.

Ali, A.J. and Al-Kazemi, A.A. (2007), "Islamic work ethic in Kuwait", *Cross Cultural Management: An International Journal*, Vol. 14 No. 2, pp. 93-104.

Alorfi, S. (2012), "Human resource management from an Islamic perspective", *Journal of Islamic and Human Advanced Research*, Vol. 2 No. 2, pp. 88-105.

Al-Qhtani, A. (2014), "An application of Islamic principles in building a robust human resource management system", *International Journal of Recent Advances in Organizational Behavior*, Vol. 3 No. 4, pp. 34-50.

Alserhan, B.A., Althawadi, O.M. and Boulanouar, A.W. (2016), "Theories of Islamic marketing", *International Journal of Islamic Marketing and Branding*, Vol. 1 No. 4, pp. 297-304.

Askari, H., Iqbal, Z. and Mirakhor, A. (2014). "Economic and social justice: the policy objective in Islam", *Challenges in Economic and Financial Policy Formulation*, *Palgrave Macmillan*, pp. 31-46.

Azmi, I. (2015), "Islamic human resource practices and organizational performance: some findings in a developing country", *Journal of Islamic Accounting and Business Research*, Vol. 6 No. 1, pp. 59-80.

Birecikli, B., Alpkan, L., Ertürk, A. and Aksoy, S. (2016), "Employees' need for independence, organizational commitment, and turnover intentions: the moderating role of justice perceptions about performance appraisals", *International Journal of Organizational Leadership*, Vol. 5 No. 3.

Brown, T.A. (2014), *Confirmatory Factor Analysis for Applied Research*, Guilford Publications.

Budhwar, P. and Mellahi, K. (2007), "Introduction: human resource management in the Middle east", *The International Journal of Human Resource Management*, Vol. 18 No. 1, pp. 2-10.

Burke, R.J. (2017), "Human resource management applications in the developing world: empowering employees", *Iranian Journal of Management Studies*, Vol. 9 No. 4, pp. 795-800.

Cheng, Y.S., Liu, Y.P. and Chien, C.Y. (2009), "The association between auditor quality and human capital", *Managerial Auditing Journal*, Vol. 24 No. 6, pp. 523-541.

Crow, M.S., Lee, C.B. and Joo, J.J. (2012), "Organizational justice and organizational commitment among South Korean police officers: an investigation of job satisfaction as a mediator", *Policing: An International Journal of Police Strategies & Management*, Vol. 35 No. 2, pp. 402-423.

Dickmann, M., Brewster, C., & Sparrow, P. (Eds) (2016), *International Human Resource Management: Contemporary HR Issues in Europe*, Routledge.

Elmore, N.F. (2017), *Islam, Peace and Social Justice: A Christian Perspective*, Sage Publication. Thousand Oaks, California.

Habib, R. and Shaukat Malik, M. (2016), "Human resource management from an Islamic perspective: a contemporary literature review", *International Journal of Islamic and Middle Eastern Finance and Management*, Vol. 9 No. 1, pp. 109-124.

Haq, F. and Wong, H.Y. (2010), "Is spiritual tourism a new strategy for marketing Islam?", *Journal of Islamic Marketing*, Vol. 1 No. 2, pp. 136-148.

Harbi, S.A., Thursfield, D. and Bright, D. (2016), "Culture, wasta and perceptions of performance appraisal in Saudi Arabia", *The International Journal of Human Resource Management*, Vol. 28 No. 19, pp. 1-19.

Hashim, J. (2008), "The Quran-based human resource management and its effects on organizational justice, job satisfaction and turnover intention", *The Journal of International Management Studies*, Vol. 3 No. 2, pp. 15-34.

Hashim, J. (2009), "Islamic revival in human resource management practices among selected Islamic organisations in Malaysia", *International Journal of Islamic and Middle Eastern Finance and Management*, Vol. 2 No. 3, pp. 251-267.

Hayes, A.F. and Scharkow, M. (2013), "The relative trustworthiness of inferential tests of the indirect effect in statistical mediation analysis does method really matter?", *Psychological Science*, Vol. 24 No. 10, pp. 1918-1927.

Holy Quran.

Hussain, M., Shahmoradi, A. and Turk, R. (2016). "An overview of Islamic finance", *Journal of International Commerce, Economics and Policy*, Vol. 7 No. 1.

Kalmbach, H. (2015), "Blurring boundaries: aesthetics, performance, and the transformation of Islamic leadership", *Culture and Religion*, Vol. 16 No. 2, pp. 160-174.

Karim, F. and Rehman, O. (2012), "Impact of job satisfaction, perceived organizational justice and employee empowerment on organizational commitment in semi-government organizations of Pakistan", *Journal of Business Studies Quarterly*, Vol. 3 No. 4, p. 92.

Karim, N.H.A. and Noor, N.H.N.M. (2017), "Evaluating the psychometric properties of Allen and Meyer's organizational commitment scale: a cross cultural application among Malaysian academic librarians", *Malaysian Journal of Library & Information Science*, Vol. 11 No. 1, pp. 89-101.

Khan, A.S. and Rasheed, F. (2015), "Human resource management practices and project success, a moderating role of Islamic work ethics in Pakistani project-based organizations", *International Journal of Project Management*, Vol. 33 No. 2, pp. 435-445.

Khan, K., Abbas, M., Gul, A. and Raja, U. (2015), "Organizational justice and job outcomes: moderating role of Islamic work ethic", *Journal of Business Ethics*, Vol. 126 No. 2, pp. 235-246.

Khan, T.N. (2015), "Closing the gaps of human resource in Islamic banks: literature review analysis", *International Journal of Business and Social Science*, Vol. 6 No. 5, pp. 168-181.

Masum, A.K.M., Azad, M.A.K. and Beh, L.S. (2016), "The role of human resource management practices in bank performance", *Total Quality Management & Business Excellence*, Vol. 27 Nos 3/4, pp. 382-397.

Mellahi, K. and Budhwar, P.S. (2010), "Introduction: Islam and human resource management", *Personnel Review*, Vol. 39 No. 6, pp. 685-691.

Mendes, A., Lunkes, R.J., Flach, L. and Kruger, S.D. (2017), "The influence of remuneration on the behavior of hospital employees in Brazil", *Contaduría y Administración*, Vol. 62 No. 1, pp. 207-221.

Meyer, J.P. and Allen, N.J. (1991), "A three-component conceptualization of organizational commitment", *Human Resource Management*, Vol. 1 No. 1, pp. 45-70.

Mitchell, R., Obeidat, S. and Bray, M. (2013), "The effect of strategic human resource management on organizational performance: the mediating role of high-performance human resource practices", *Human Resource Management*, Vol. 52 No. 6, pp. 899-921.

Mollah, S., Hassan, M.K., Al Farooque, O. and Mobarek, A. (2017), "The governance, risk-taking, and performance of Islamic banks", *Journal of Financial Services Research*, Vol. 51 No. 2, pp. 195-219.

Mutasim, A., Rahman, N. and Shahid, S. (2009), "Islamic HRM practices and employee commitment: a test among employees of Islamic banks in Bangladesh", *Graduate School of Business*, Vol. 4 No. 3, pp. 349-372.

Nahj al-Balagha.

Niehoff, B.P. and Moorman, R.H. (1993), "Justice as a mediator of the relationship between methods of monitoring and organizational citizenship behavior", *Academy of Management Journal*, Vol. 36 No. 3, pp. 540-563.

Osman, I., Mahphoth, M.H. and Hashim, M.J. (2014), "Human resource management from an Islamic perspective: experiences of GLCs", *Proceedings of the International Conference on Science, Technology and Social Sciences (ICSTSS) 2012, Springer*, pp. 217-227.

Paloutzian, R.F. and Park, C.L. (2014), *Handbook of the Psychology of Religion and Spirituality*, Guilford Publications.

Pindek, S., Kessler, S.R. and Spector, P.E. (2017), "A quantitative and qualitative review of what Meta-analyses have contributed to our understanding of human resource management", *Human Resource Management Review*, Vol. 27 No. 1, pp. 26-38.

Punnett, B.J. (2015), *International Perspectives on Organizational Behavior and Human Resource Management*, Routledge.

Ramadani, V., Dana, L.P., Gërguri-Rashiti, S. and Ratten, V. (2017), "An introduction to entrepreneurship and management in an Islamic context", *Entrepreneurship and Management in an Islamic Context*, Springer International Publishing, pp. 1-5.

Ratten, V., Ramadani, V., Dana, L.P. and Gerguri-Rashiti, S. (2017), "Islamic entrepreneurship and management: culture, religion and society", *Entrepreneurship and Management in an Islamic Context*, Springer International Publishing, pp. 7-17.

Sears, A. and Herriot, L. (2016), "The place of religion in education for citizenship and social justice", *The Palgrave International Handbook of Education for Citizenship and Social Justice*, Palgrave Macmillan, pp. 285-304.

Shabani, A., Hossein Zadeh, A. and Ahmadi, Y. (2012), "Investigating the relationship between organizational justice and organizational commitment", *Taxation Bulletin*, Vol. 13 No. 1, pp. 102-120.(In Persian).

Tayeby Nezhad, S. (2011), "*The Relationship Between Organizational Justice and Job Commitment in Employees of a Public Institute in the City of Jiroft*", A thesis presented for master's degree, Payam Noor University, Tehran. (In Persian).

Turker, D. (2016), "Islamic roots of corporate social responsibility", *Cultural Roots of Sustainable Management*, Springer International Publishing, pp. 133-144.

Wilton, N. (2016), *An Introduction to Human Resource Management*, Sage.

Zarim, Z.A., Mohamad, O., Rahman, M.S., Zaki, H.O., Sergio, R.P. and Haladay, D.J. (2017), "The role of organisational commitment, leadership style, strategic human resources practices and job satisfaction towards sustainable tourism industry: comparative study in the UAE and Malaysia", *Leadership, Innovation and Entrepreneurship as Driving Forces of the Global Economy*, Springer International Publishing, pp. 255-268.

Zehir, C., Yıldız, H., Köle, M. and Başar, D. (2016), "Superior organizational performance through SHRM implications, mediating effect of management capability: an implementation on Islamic banking", *Procedia-Social and Behavioral Sciences*, Vol. 235, pp. 807-816.

Further reading

Ahmad, M.S. (2011), "Work ethics: an Islamic prospective", *Journal of Human Sciences*, Vol. 8 No. 10, pp. 850-967.

Hashim, J. (2010), "Human resource management practices on organizational commitment: the Islamic perspective", *Personnel Review*, Vol. 38 No. 2, pp. 294-312.

Mutasim, A., Rahman, N. and Shahid, S. (2009), "Islamic HRM practices and employee commitment: a test among employees of Islamic banks in Bangladesh", *Graduate School of Business*, Vol. 4 No. 3, pp. 349-372.

Rahman, N.M.N.A. and Shahid, S. (2009), "Islamic HRM practices and employee commitment: a test among employees of Islamic banks in Bangladesh", *Graduate School of Business*, Vol. 4 No. 3, pp. 349-372.

Suliman, A. and Al Kathairi, M. (2012), "Organizational justice, commitment and performance in developing countries UAE", *Employee Relation*, Vol. 35 No. 3, pp. 14-36.

Tayeb, M. (1997), "Islamic revival in Asia and human resource management", *Employee Relations*, Vol. 19 No. 4, pp. 239-256.

Yousef, D.A. (2000), "Organizational commitment as a mediator of the relationship between Islamic work ethic and attitudes toward organizational change", *Human Relations*, Vol. 53 No. 4, pp. 349-361.

Corresponding author

Farzad Fesharaki can be contacted at: fesharakyf@gmail.com

For instructions on how to order reprints of this article, please visit our website:
www.emeraldgrouppublishing.com/licensing/reprints.htm
Or contact us for further details: **permissions@emeraldinsight.com**

View publication stats