



## ISLAMIC APPROACHES TO HUMAN RESOURCE MANAGEMENT IN ORGANIZATIONS

\*Dr. Farhat Naz Rahman

Sir Syed University of Engineering and Technology, Pakistan

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### ABSTRACT

The purpose of this paper is to illustrate and explore the Islamic approaches and practices to human resource management (based on Al-Quran and Sunnah). The methodology adopted in this paper is based purely on qualitative approach. The study argues that one of the main cause for the hindrance and lack of progress and development in Islamic countries such as Pakistan is the disparity between universal integration and local receptiveness due to surplus advance circulation of western management and practices of business with small perceptiveness. The view adopted in this study is that there is a gap between the information and awareness possessed by both national and international managers to manage at local level. The following areas of HR functions and activities to learn what the Islamic approach is in this regard are selected for the study;

- Hiring and Selection
- Guidance and Development
- Performance Evaluation
- Compensation and Employment
- Managerial Behaviour (Employer and Employee)
- Employee Relations and Arbitration

**Findings:** The study reveals that an issue of impartiality and equal opportunity is leading in all of human resource management activities. Management in Islamic countries including Pakistan is heavily influenced by the western or non-Islamic tradition and cultural values as well as norms of different countries rather than Islamic principles based on the Quran and Sunnah.

**Practical implications:** Considering the Islamic management principles the implementation of policy could help to build up a more appropriate kind of management. It is also argued in the study that national cultural perspectives and diverse views of work values have made a key impact on the capability of the organizations to deal HRM issues in diverse cultural environment.

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### INTRODUCTION

Currently the increasing interest in western world concerning Islam has been witnessed. This trend has its one of the feature regarding the business and management processes on Islamic world with their cultural and political contexts. On the other hand the most of attentions has been focused on Islamic economic system and Islamic banking in the wake of current international monetary catastrophe. Some of the study attempted to express the nature and contents of the management in Islamic countries but scant attention has been paid to the practice of HRM from an Islamic point of view.

\*Corresponding author: Dr. Farhat Naz Rahman,  
Sir Syed University of Engineering and Technology, Pakistan.

The limited literature is available revealing the gap between the theory and practice of management in Islam. While one find the wide literature on western management. At this juncture there is a need for understanding the fundamentals of Islamic management system derived from the primary source of Islam i.e. The Holy Quran and the Hadith's of the Prophet (SAW). The management literature from Islamic perspective is very limited in English language as compared to the literature described by Muslim scholars in Arabic at large. This paper will observe the major impact of religion i.e. Islam on work performance and human Resource management policies and practices as this aspect has received unsatisfactory consideration from scholars as well as researchers in the past. (Bourma *et al.*, 2003). It is often claimed that religion plays a direct and major role on human behavior, including social

communication and social associations. (Abuznaid, 2006). There is very little research on HRM from Islamic Perspective is available as what we find in the Middle Eastern and Arab region concerning HRM is based on the western based HRM function. (Budhwar and Mellahi, 2006). As pointed out by Tayeb (1996) those human resource policies tend to be applied with some contemplation of the native cultural background while determining by the senior management of the firm. This is important to have such variations as local public working in firms cannot carry out their responsibilities in an administrative vacuum instead bring forth their cultural heritage to the workplace, which includes values and religious beliefs.

### **Doctrines and tenets of an Islamic management system**

Prophet Muhammad (SAW) is the pioneer of the principles of an Islamic Management System when he established the first Muslim State in Medina. The vital and significant feature of the Prophet's administration was "Shura" (consultation) as all through his prophet hood he seeks advices and followed his companions and wives recommendation in several matters at several occasions. It is argued by Al-Hirrawi (1986) that, being a prophet, his disciples would have implemented his decisions without being inquisitive but he would like to set the trend for the Ummah to follow by creating an environment of consensus, participation and consultation. The Shura or consultative council of the Prophet Muhammad (SAW) comprises wise, knowledgeable and pious disciples and companions as they would be the one whose decision would affect the Muslim community. With the expansion of Muslim empires and dynasties the public administration system was affected and became complicated rather than centralized. History reveals that in later centuries some of the most influential Muslim scholars from different parts of the world not Arabs, steadily established and develop significant and distinguishing Islamic knowledge to cover all fields of sciences such as medicine, architecture, Math's, astronomy, to social sciences, such as finances, economics, and to arts, such as poetry, music, designs. Today we find Islamic heritage and an extensive literature on Islamic heritage which is very well documented as well as economic, finance and management system too but the reality is that none of them is currently followed or fully practiced in any Muslim majority countries. The bases of ethics and administration at work in Islam have been drawn from the Quran and the saying of the Prophet Muhammad (SAW). Several verses of the Quran address the Ummah and directed them to do justice and be honest in trade, also be courteous and fair in relationships. Further it encourages human beings to acquire new skills and endeavor to do noble work which would be beneficial for not only to the individual but for the community as a whole. Hence Islam teaches and stresses for cooperation in work and made it compulsory to have consultation while making any decision. (Abuznaid, 2006).

In Islam the management plays a crucial role and it is obligatory to have leader in most situation of life. Prophet Muhammad (SAW) said, "When there are three people on a journey then they must employ one amongst them as a leader. Islam made it obligatory to engage in economic activities. (Yousef, 2001: 153). For example, it is narrated in Hadith (SAW) that "the food eaten by a person is best that which he earn from his own work." Similarly at one event while noticed the beggar he said that "it would be better if you collect some

wood and sell them rather than ask people who may give you or might not". It is to be noted that human beings are vicegerent and trustees on earth and all their actions are considered acts of worship: therefore work is also an act of worship. The most important aspect of the work is to enjoy and utilize the bounties of Allah not an individual basis but to benefit the community as a whole (Zineldin, 2002; Wilson, 2006).

Hence in Islam work ethics are associated to struggle for excellence, to seek rewards in life and hereafter, and exercise efforts without being excessive (Al-Buraey, 1988). Every task in the life of the Muslim is carried out having intention to seek pleasure of Allah by earning halal (permissible) income and leading a respectable life by following the command of Allah i.e. to promote good and stop evil. It is in the consonance of the doctrine that all humans are trustees of Allah on this earth which employee relations are based and administration is accomplished in Islam. Regarding HRM practice, Islam set several ideals and norms which managers should practice such as honesty, sincerity, responsibility, trustworthiness, dedication, discipline, diligence, co-operation, hygiene, collaboration, good conduct, appreciation and self-control lead the doctrine through which human resources are dealt with. These principles are mentioned in detail with references from the verses of the Quran and the Sunnah (SAW). The basic principles and doctrine of an Islamic management system with noteworthy connotation for the HRM to follow are as under.

**Intention:** Islam stressed all acts to be adjunct by intention. Human being are delegated a power of free will by Allah and is accountable and indebted for change in society. The purpose of this principle in HRM is that the employees should not be penalized for making unintentional error and mistakes and should be punished or rewarded both on the basis of their intended aim and objectives, plans, strategies and ideas instead of their dealings outcome that may be affected by external cause which are beyond their control. This also put emphasis in Islamic Management the significance of human resource development and tactical assessment.

**Ihsan:** There are several meanings of the word Ihsan. These meanings can be taken in the context of the act but in Arabic lexicon the word Ihsan means perfection. Among other meanings are the alms giving, forgiveness, amelioration, completeness of faith and, above all doing good deeds. It is an ongoing effort and struggle to seek the pleasure of Allah and worship Allah as if you see Him, if not He sees you according to the Hadith-e- Jibrael. Once this feeling develops in human being he behaves at his/her best where he/she does not require any supervision form the human being. Hence the production and consumption are guided by taking into consideration of what and how it is produced and what are social and human costs of production and consumption. (Al-Ashker, 1987). Therefore the managers with a high level of Ihsan would likely to promote and enhance the training and development of their employees and persuade the participation and involvement of the employees in decision making.

**Justice:** the most important feature in HRM is justice which every person irrespective of their job position should develop (Wilson, 2006). It is laid down in the Quran: "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 for Allah is well-acquainted with all that ye do.” (Quran, 5:8). Justice leads and promotes equality and to maintain an institute or organization there should be a sense of humility, modesty and humbleness among those who are holding managerial positions. Justice demands the equal rewards and wherein the justice prevails the employees automatically follow the rules, policies, regulations and procedures and can be implemented effectively by the managers.

**Trust:** The core value to govern social relationships is the key concept of the trust as every individual is held responsible and accountable for his/her deeds in the community as a whole. This is vital as trust leads to delegation of authority as well as consultation to employee (Tayeb, 1997). The manager (leader) in Islam is a trustee, who is obliged to value the trust bestowed on him/her by their employee or superiors and also the subordinates as an organization is a trust of not only those who own it but also who work in it.

**Fulfillment of promise:** it is moral obligation of every Muslim to keep promises (Abuznaid, 2006). Breaking promises or not to meet one’s promise intentionally is a sin and considered hypocrites in Islam. Allah calls upon the believers in Quran, “O ye who believe! fulfil (all) obligations.” (Quran 5:1). This infuses confidence and trust in an organization and generates the culture of cooperation and trustfulness between employer and employees.

**Shura (consultation):** It is ordained in the Quran for Muslim leader as well as Muslims in general to seek advice and consultation from others before taking up any step or making decisions. The key leadership value in Islam is to take part in discussion and contribute suggestions. It is mentioned in the Quran “Those who hearken to their Lord and establish regular prayer; who (conduct) their affairs by mutual Consultation; who spend out of what We bestow on them for Sustenance” (Quran 42: 38). The main purpose and principle of Shura (consultation) is to teach Muslim managers to treat their assistants as their contemporaries and to be modest and humble in their dealings with other persons. (Abuznaid, 2006). It is expected from managers to take advice and seek advice from their subordinates before taking any decision.

## DISCUSSION

Almost all the Muslim majorities’ countries around the globe use a combination of civil and Islamic laws with scant consideration of Islamic management. Islamic law is based on the Quran and Hadith called shariah law, in comparison to the common and civil law. The part of law in Muslim countries are limited to some particular aspects of social life, such as inheritance and family laws, meanwhile management and economics are left to civil laws which are adopted from the west. It may be the case that managers feels convenient to import western management ready made models rather than develop and employ their own management thinking. (Pollard and Tayeb, 1997). Islamic approach in the following areas of the Human resource management function and activities is as follows:

### Hiring and selection

There is a trend of favouritism in selection and recruitment of employees and preferences has always been influenced in

hiring decisions. Selection and recruitment is the vital but most complicated task in any organization as several candidates applying for the post and employers have to select from the number of potential candidates. Islam set principle of justice and honesty for the recruiter to ensure the fair recruitment and just and equal treatment to all applicants. The eligibility criteria according to the teachings of the Quran are merit and competence. Hence by overlooking the needed merit and competence and select a candidate or consider an applicant on the basis of favouritism or any other reason falls under the dishonesty, discrimination and injustice which is strictly forbidden in Islam. Islam sets certain principles to be abided for the selection of an employee.

- **Justice:** foremost among the principles is justice as favouritism and nepotism are two attributes that reflect treachery and injustice.
- **Merit:** Competency and merit must be the criteria appointment on the basis of blood relationship, kinship, wealth, political influence, friendship or alike are strictly forbidden.
- **Honesty:** this applies on both the recruiter and the applicant.

Beside these principles Islam also forbids to assign the employee the work that exceeds the individual’s capability and capacity. It is also mandatory for the employers to inform the applicants about the job fairly in detail i.e. all the aspects and hiding nothing which includes the job requirements, job holders criteria, rewards and the compensation to be paid so the applicants can evaluate the suitability of job with their competency, ability and interest.

### Guidance and Development

Training is the methodology for initiating and progressing qualities in human resources which facilitate them to contribute further to attain the organization goals and be more productive. Human being’s basic qualification to be the vicegerent of Allah on earth according to the Quran is to acquire knowledge. Hence it is mandatory for the Muslim employees to acquire knowledge in order to serve his/her employer well. The responsibility of seeking knowledge rests on both the individual as well as on the employer. On the other hand the employer is responsible to endow with an opportunity to facilitate the employees for the improvement in their competencies. It is the superior prerogative to decide that who should attend the training which is organized by the employer keeping in view the employee’s performance as well as potential to recommend for training for which he needs to review the relevant information of the employee.

### Performance Evaluation

This is a prescribed system wherein the work performance, setting of work standards and to provide feedback and opinion to employees for the intention of incentive, motivation, improvement and furtherance of their performance is set up. Based on the information about performance appraisal which is obtained would then be utilized as a basis for salary and promotion assessments. In HRM performance appraisal is an additional activity that is subjected to justice as at several occasion it is noted that appraiser biases are well documented as supervisors likely to appraise employees wrongly due to subconscious inclination. Hence it is difficult for the manager

to appraise the employees efficiently. Here the teachings of Islam are very clear. We should be conscious that to determine the performance in Islam must take into account the notion of responsibility and accountability. While the organization who appointed the managers and given the responsibility for appraisal of employees it must taken into consideration that he/she should be fair and just towards the employees.

### Compensation and Employment

The vital part of the employment is compensation the purpose of which is to recognize direct or indirect performance assessment of employees and to set up ways and means to encourage them to perform with full competence in a varying business environment. Islam put great emphasize on the reasonable and adequate wages for the workers, considering their quality and quantity of work, requirements and their needs and also the general economic situation prevailing in the society. On the basis of the quality and quantity of the work of the employer Islamic system acknowledges range of gradation among workers. This proves that salary for workers cannot be equivalent in all cases. It is also obligatory in Islam to determine the compensation in advance and once the work is completed the wages should be paid immediately without any delay. There is a famous saying of the Prophet (SAW) in this regard that "Pay the wages of the labourer before his sweat dries." It is also mandatory to have a prior agreement about wages and should be given increment according to the rules and regulations. Any mishandling and misuse of an employer's property is forbidden in Islam. Beyond the wages any appropriation is an act of dishonesty and considered stealing which is prohibited in Islam. Beside the compensation and wages should be sufficient for decent living as if the wages would be too low, the employer may not feel motivated towards the effort he/she put in, while on the other hand it is also mandatory in Islam that the employee is entitled to just and fair wages for his/her work. There is prohibition of forced labour and coercion in Islam.

Abu Hurraira reported that the Prophet (SAW) has said: "Almighty Allah says that He will act as a plaintiff on the Day Judgment against the people who engages some labourer on work and takes full work from him but in return does not give him his due share (wages)" (Sahi Bukhari 3:34:430). On the other hand Islam denounces slavery and gives appreciation and acknowledgement to the dignity of work and honour the employment. The teachings of Islam stressed to all authorities and managers to exercise their duties with honesty and commitment.

### Managerial Behaviour (Employer and Employee)

**Employer:** Payment of wages or salary at agreed time is most important as it the ethical binding or obligation of the manager or the in charge. Islam forbids delaying in the payment of the wages as it may cause difficulty to the employee. There is a famous saying of the Prophet Muhammad (saw) in which he said that "Pay the wages of the employee as soon as possible before his sweat dry" (Ibn Majah, Hadith no. 2468).

**Work Load:** It is forbidden in Islam to engage the employee more than his ability or capacity and directed to give the assistance if the work load is heavy and beyond his capability. Safety measures:

It is recommended to provide food, drink, uniform and safe work place during the time of the work as Islam ordained to provide meal and clothing to those people who work under you.

**Facilitation:** Providing training, proper equipments and tools as required to the employee are necessary. Similarly the behaviour and attitude towards the employee should be adequate.

**Welfare of the Employee:** It is highly recommended to look after the well being and the welfare of the employee which is also the moral responsibility of the employer. Education and health are the two major requirements and comes under the good deed. Those employees who cannot afford the education of their children and the medical treatment, they deserve your support, although it is no mentioned in the contract at the time of employment.

**Employee:** To earn the respectful means of livelihood one must work as an employee. Work in Islam is considered as worship. Earning for livelihood is obligatory in Islam. Certain obligations applied to the employee while working under an employer. They are required to perform in best manner with honesty and to the best perfection for the welfare of his organisation and the employer. To sum up the employee should consider his job as the worship to please Allah. In other words this is the motivating force which directs to the success of the institute of the organization and the individual too.

**Employee Relations and Arbitration:** System of arbitration is the tenet of Islamic teachings. Almighty Allah knows that human can err so in this situation people often fails to resolve the conflict or dispute by themselves. For this purpose Allah ordained to make the arbitration system. (Quran: Surah 49 Verse 9). Hence it is obligatory and the moral duty to have a judiciary system to resolve any issue that occurs between employer and the employee. For this purpose the impartial, independent judges are appointed to judge both parties and give the final impartial verdict. Any attempt to influence the judges is unlawful. On the other hand judges are restricted to not to follow their vain desires. (Quran: Surah 5 Verse 49). There is a famous Hadith in this regard where in the Prophet Muhammad (SAW) said: "The nations before you were ruined and destroyed because they use to mete out the legal punishment on the disadvantaged and scot-free the wealthy" (Bukhari, Vol 8, book 88 No. 778).

## DISCUSSION

At present, the Muslim world is suffering from extreme superficial knowledge effecting the management of the organizations and limiting the range for the advancement of an Islamic management system. In fact the Islam is not merely a religion; it is a rule of law that administer several facets of cultural system, activities, a way of life and a civilization rather than merely a belief and rituals. (Manzil1997). The significance of the teachings of Islam is that it effects not only political and economic organizations but also on relationships of the human being. Unfortunately the Islamic principles application in the field of work is not standard. The cultural environment of each country influenced with the customary practices and in clash with the teachings of Islam. This can be witnessed in Arab countries where nepotism and authoritarianism are common features. The case of the other

Muslim countries is not different where the leadership is unquestioned and the political participation is limited to the family and kinship. While in some countries as in the case of Malaysia Islamic principles are intermingled with other religious and philosophical systems as well as legal and cultural systems, where it is the combination of former colonies of European supremacy and the Confucian principles.

### Conclusion

Islamic principles are a fair way to guarantee benefit of employer and the employee both on the foundation of justice. Employer's investment and employee's skills mutually benefit people in general. Hence setting up an industry is considered a welfare job as more industry more job opportunities as well as production of goods to meet the requirement of the people. But here according to the teachings of Islam intention should be pure i.e. to serve mankind. In that way no one will be harmed and everyone would be benefitted. These benefits are not meant to be limited to Muslims but for all humankind as Muslims are obliged to do welfare for the whole humankind. Almighty Allah said in the Quran "You are the great nation. You have been created for the welfare of the humanity. You instruct people to be virtuous and stop the evil." (Quran: Surah 3, Verse 110).

In the context of the Islamic organization, the spiritual and moral aspect is always given priority when making and carrying out the decisions while in western management very often the technical and material objectives are given importance. Therefore the management as a task is a procedure of synchronizing conduct as stated in the doctrine and a philosophy originated from the Quran and the Sunnah. This paper is expected to shed light on identifying the key issues for Human Resource Management (HRM) implementation by contributing to the comparative literature on Islamic management and its applications. Further study and research is required on the subject of moral principles against instrumentality in managing administration to create a balance between forward transmissions of western administration to Islamic countries and commence dissemination of Islamic management philosophy to the west, in particular to the managers of transnational and multinational companies.

### Future Research Implications

Islam gives complete system of life and all systems whether political, economic and social are completely covered by the teachings of Islam. This research paper merely attempts to cover some of the Islamic values which were considered imperative for the world of business. Further research avenues can be explored to recognize the Islamic way of the Human Resource Management (HRM), financial management, Trading and other practices related to the business. The main focus of the Islam regarding business is human welfare. The comprehensive guide of trading is in the life of the Holy Prophet Muhammad (SAW). Future study is suggested to evaluate contemporary trading practices according to the Quran and Sunnah and its implementation to overcome the social and ethical issues.

Furthermore there are theoretical aspects which include the conflict resolution, process of decision making in Islam wherein the Shura (Consultative body) is essential part of Muslim law, trade ethics as ordained by the Allah to Prophet Muhammad (SAW) and thereby to Muslims to be dealt with in Fiqh. Hence Fiqh deals and establishes widely the rules for sale and purchase of goods, ownership rights, responsibilities and obligations, professional works value, business commitments, trust, contract, dealings with human resources, so on so forth.

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