

# ISLAMIC HUMAN RECOURCES MANAGEMENT PRACTICES: CONCEPTUAL REVIEW AND SCALE DEVELOPMENT

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## *Abstract*

*Every moslem people has to work and has to achieve the highest performance in any place. As Allah has create them as 'khaira ummah' (the best society), we need to perform and reflect all activities regarding the maintenance of human resource based on Al Qur'an and Hadith. Human resources are the main capital to develop the wealth of a country. Moreover, a national productivity depends on the quality of its human resource. We need them to be creative, smart and have good attitude in order to reach an organizational mission. Therefore, we need to implement and assimilate Islamic values into all activities to manage human resource. This paper deals with the proposition on how to treat employee in workplace according to Qur'an and Sunnah. We start with the development of conceptual definition along with the indicators and references from Al Qur'an. The future research agenda is also explained to guide how to validate the proposed measure.*

**Keywords:** human resource management, Islamic values, scale development

## **1. Introduction**

HRM practices are defined as a process consisting of the acquisition, development, motivation, and maintenance of human resource (Lee & Lee, 2007). In the complex business world the main task of HRM practices is to manage their employees smoothly, with the objectives of enhancing their psychological attachment to the organization (Zeffane & Connell, 2003). The link between HRM practices and organizational outcomes such as commitment, job satisfaction and performance have been discussed widely by scholars (Lee & Lee, 2007, Zeffane & Connell, 2003). With the developing effort to concern on Islamic perspective, we need to perform scale development analysis to measure the degree of its implementation. It has been argued that employees are important capital in an organization. From the perspective of Islamic view, a man kind is the highest creation of Allah SWT. Human beings are the most precious, because endowed with reason and thought. Therefore, an organization should view human resources as a capital that comes from Allah that must be managed properly. Islamic concepts in managing human resources is said to be a concept which holds that man is the most noble mankind. Organizations must understand the basic rights of every organism so that each of them can contribute very well in an organization. This makes a view of social welfare values in an organization environment.

A social value is explained as an equality practices for all human being as they are all created by Allah. We have to respect their personality. As what Quran said in (5:3), the dimensions within the domain of social values are: 'Help one another in the the righteousness and virtue; but help not one another in sin and transgression". On the other hand, an economic values are explained

that the basic ownership of everything belongs to god alone (2:108, 3:190) in which one of them are mankind. The purpose of the Islamic economic system is to guarantee that the welfare should distribute equally and remain circulate among all members of the community and should not be occupy only by certain group.

Therefore, based on the discussion on social and economic values above, we need to initiate and infuse Islamic values in all our daily activities. In this paper, we term it as which we call it as islamization. We can start the activities of Islamization process from individual level to institutional level. As an initial step, this paper concerns with developing a concept of Islamic Human Resource Management, analyze the existing measurement of the dimensions and prepare a future research to validate the indicators.

## 2. Conceptual Grounding

### Islam and work

According to (Khan, Farooq, & Hussain, 2010) Islam has defined a social and economics values toward the use of people in an organization. A social values is explained as an equality practices for all human being as they are all created by Allah. We have to respect their personality. As what Quran said in (5:3), the dimensions within the domain of social values are: 'Help one another in the the righteousness and virtue; but help not one another in sin and transgression". On the other hand, the economics values are explained that the basic ownership of everything belongs to god alone (2:108, 3:190) in which one of them are mankind. The purpose of the islamic economic system is to guarantee that the welfare should distribute equally and remain circulate among all members of the community and should not be occupy only by certain group. A belief of Islamic values have to be operationalized in day to day work life, it is not only a slogan or rumor. Several values that has been offered by (Khan et al., 2010) for islamic HRM based on Quran and hadith are: Brotherhood and benevolence (Al-Ukhuwwah and Al-Ihsan), Justice and fairness (Al-'Adl), Fulfilling the contract (Ifa al-'Aqd), People's rights (Haquq al-'Ibad), Fair compensation (Al-Ujrah), Cooperation (Al-Ta'awan) and Trust and honesty (Al-Amanah and Al-Ikhlash).

Moreover, religion in its essence is a guide or moral guidance (ideal values) for human behavior. The moral guide of the outline is based on the teachings of the creed, the rule of law (syariah) and the sublime character (ahlaqul karimah), (Ghufron, 2002). According to (Sabeq, 1981), Islam as rahmatan lil alamin religion, has aroused the people and deliver them to the high life and culture as well as the move towards a better and prospects going forward. Islam prefer reality and a certain than things that are not clear. Work is the key to building joints and to the advancement of Islamic culture. One of the implementation work is work. According to the word Allah in al-Qur'an Surah al- Jumuah verse 10 which reads:

تَفْلِحُوا نَعْلَمَ كَثِيرَ اللَّهُوَ أَذْكَرُوا اللَّهُفُضْلَمِنُوا ابْتَعُوا الْأَرْضِ فَيَقَانَتْشِرُوا وَالصَّلَاةُ قُضِيَ تَفَادًا

*"If the prayer has been fulfilled, then you scattered in the earth, and seek Allah's bounty, and remember Allah as much as possible so you are lucky". (Ministry of Religious Affairs of the Republic of Indonesia, 2002).*

Of verse above, seemed that muslim or human in general obligated work for obtaining property as a means to support official in his life. Work in a large sense is all establishment exercised by human in terms of material or non material, intellectual and physical, and things pertaining to earthly problem or hereafter. The understanding work is a particularly any potential issued humans to appeasing his life that comprise foods, clothes, the residence and improve his life.

In the Islamic view, work is a very noble deed. In Islam works not just meet the needs of the stomach, but also to maintain self-esteem and dignity that should be respected. Therefore, work in Islam occupies a very noble position

### **Islamic HRM: Derivation and Definition**

Human resource management is a branch of economics that play an important role in the success of the management of an organization or company. As quoted by Junaidah Hashim (2009), Human resource management (HRM) is a vital function performed in organizations that facilitates the most effective use of people to achieve organizational and individual goals. Human resource management is used as one of the main keys in the achievement of the goals, both individuals and organizations. The application management function, in particular human resources management to serve as human will improve the effectiveness of human beings who exist to perform a particular activity that leads to the main objective, namely the maximum profit.

HRM is a set of practices and policies of caring people in an organization as Islamic human resources. In order to understand Human Resource Management from an Islamic perspective, there should be an understanding of knowledge of Islamic Sharia on how to treat people in an organization. They are our collaborator and organization has a responsibility to treat them well as human kind and as khalifatullah. We also need to identifies some of the Islamic moral principles related to HRM practices and policies. Above from that, we should acknowledge and involve the importance of Islamic values as a basic guide for any organization. Therefore, all the activities related to HRM practices and policies in an organization should be based on: Quran and Hadith (Saying of Prophet Muhammad SAW).

### **3. Methodology**

This paper deals with the development of scale to measure the implementation of Islamic HRM. Islam helps in teaching the various manners in which, we can manage our most valuable assets effectively. This way a Muslim manager cannot only deal ethically but can also please God (Allah). This paper is based on secondary data which has been collected from books, journals, newspapers, and internet. A conceptual framework has been developed describing the aspects of each practices of HRM Islamic perspective and its dimension.

### **4. The Dimensions of IHRM**

Employees or workers management is a strategic practice and process towards a effectiveness of organization and further for wealth of a country. For most moslem countries or an organization with Islamic values identity, they should Islamize their practice and policies on treat their human resource. Ali, Gibs and Camp (2000) & Tayeb (1997) has discussed several human resource management practice with the foundation in religion especially, Shariah Principles.

Namazie and Frame (2007) have mentioned regarding five Islamic HRM practices i. e., selection and recruitment, training and development, career development, performance management, and reward system. Moreover, based on Al-Qur'an and Hadith; Hashim (2009) described that there are five Islamic HRM practices such as recruitment, selection, performance appraisal, training and development, and compensation are concerns on Islamic principles. Islamic

management emphasizes on the principles of trust, fairness, treat them as khaira ummah and being honest in reward and punishment. Moreover, it also has been widely agreed that if they concerned about the existence of organizational justice and harmonic employee relationships, the welfare and workplace spirituality will contribute aspects of Islamic HRM practices (Ali, 2005; Yousef, 2001).

In a primarily Muslim country, Islamic values which blend in its national culture, has influenced work practices in an organization. It can be argued that HRM is significant aspect to organizations that largely influenced by the culture. Several rules reflected by Islamic value in their societies. Research is directed to the extent to which the role of religion (Islam) affect aspects of human resources management (HRM) on companies in Indonesia such as recruitment, selection, training and development, performance appraisal, compensation, employee maintenance, employee motivation, and employee separation. For example, there is a gender in several jobs, nurse is for female while electrician is for male. Hijab is allowed to be used in office and several organizations also separate the workspace for female and male. Another example is husband gets benefits incentive for their family while wives are not. For certain organizations with Islamic value as their base point, an ability to read Al Quran is used as basic requirement to get a best candidate. Moreover, practice of prayer properly and an understanding of knowledge of Islamic law are also used as a tool of selection and recruitment. Hence, it is a hope that islamization process in human resource management practices and policies will enrich the countries.

#### **4.1. Human Resource Planning (QS. An Nisa: 58-59)**

According to Ivancevich and Konopaske (2013), any organization regardless of size, products, or services produced, has to recruit applicants to fill a position. Filling a void in an organization, whether caused by the growth, changes in structure and function, as well as rotation of employees, requires an effort to search people who can meet the requirements of the vacant position. Employee resources can come from internal and external sources. Recruitment is a series of activities to locate and attract applicants with motivation, ability, skills, and knowledge required in order to cover the deficiencies identified in the staffing planning. Recruitment activity begins at the moment the candidate started to look for and when their application is handed over. Through recruitment, individuals who have the required expertise are encouraged to make applications for jobs that are available in the company. Recruitment results of an application are a collection that will be selected to be a new employee. The recruitment process also interact with the activities of other human resources, especially the performance evaluation, compensation, training and development, and employee relations.

In Islam, the recruitment process should be open and honest, far from the aspects of corruption, collusion, and nepotism that is currently rife. Islam recommends that applicants would fill the recruitment of people who are pious and proper (as expected). Ahmad (in Junaidah Hashim, 2009) outlines that the manager should display religious applicants, like prayer, charity, and other pillars of Islam. All the recruitment process conducted in a fair and open to all applicants. A Muslim worker is expected to have a great sense of responsibility in their work, and always obey Allah and His commands. There is a general opinion that states that the religious tend to be honest, although in some studies it is not consistent. The argument puts forward by Weaver and Agle (in Junaidah Hashim, 2009) that in some studies, there is no difference between a religious person or not, based on habits such as dishonesty and theft. A pious manager should keep the recruitment process running on the rule of God with confidence and responsibility. It's stated in the Qur'an Surah an-Nisa:

*“Really, God commanded you to convey to the Commission are entitled to receive it, and when you set the law among the people, let us set a fairly. Truly, Allah as well as possible who gives instruction to you. Truly, Allah Is All-Hearing, The Seer. O those who believe! Obey our God and obey our Messenger (Muhammad), and Ulil Amri (holders of power) among you. Then, if you disagree about something, then kembalikanlah to Allah (Qur’an) and messengers (Sunnah) If you believe in God and days later. Therefore it is better (for you) and better as a result”. (QS. An Nisa: 58-59).*

Recruitment requirements should be stated clearly to applicants, including the terms of employment, job criteria to be run, and the amount of salary to be paid. Including the applicants, are expected to provide information in accordance with the competence, capability and interest (interest). Applicants should not apply for jobs beyond their capabilities, and working beyond capacity. Qur’an mentions in Surah Al-Baqarah verse 286 :

*"Allah doesn't burden a person but according to his ability". (Surah Al-Baqarah [2]: 286).*

Moreover, selection of individuals is a process to fill vacant positions when the means are available. Human resource selection decisions with regard to the implementation of a series of actions (accept or reject), the result is an important things as this is involved whose people will drive the organization. The purpose of selection is to identify people from a group of applicants who will be appointed as employees of the company. Selection is the process of selecting from a group of applicants, the person or persons who best meets the selection criteria for the position available based on conditions that exist today. Selection is an important function for a variety of skills required by the organization to achieve its objectives obtained through the selection process (Ivancevich and Konopaske, 2013). According to Ali (in Junaidah Hashim, 2009) selection is one of the difficult tasks in the organization. This selection process is in certain degree filled with aspects of corruption (corruption, collusion, and nepotism) which influence decision making in recruitment. However, Al Qur’an affirms in verse 26 of Surat Al-Qasas:

*"And one of the two (women) said," O my father! Make him as a worker (at us), actually the nicest guy that you take as a worker is the strong and trustworthy”.*

It's very important for moslem managers to understand that Qur’an can prevent the reception of being indistinct and the action of nepotism is not professional hence prevent discrimination at work (Ali in Junaidah Hashim, 2009). In most moslem countries, selection process still condensed by practices nepotism to the high level family so corroborated friendship network and family. In Islam, a selection process of workers should be done with some principles as follows:

- a. Justice
- b. Based on competence
- c. Honesty
- d. Islam prohibits the assignment outside the ability of individual worker

Managers need to decide on the selection criteria to evaluate applicants for vacant positions. Selection criteria are derived from the characteristics of the job description and job specification. The company, of course, expects that applicants with these characteristics will

perform satisfactorily in the job and remain with the company. Selection criteria can usually be summarized in several categories: education, work experience, physical condition, and personality characteristics.

#### 4.2. Training and Development (QS. Al-Anfal : 60)

Fathoni (2006) states in the framework of self development, education and training are required to become a professional worker as a human being in its work, education and training is important because it is a repeated process of individuals. Simamora (2009) mentions that the orientation and training are a process which attempts to provide an information to employees, increase their expertise, and understanding of the organization and its goals. Training and development shows changes the expertise, the knowledge, attitudes or behaviors. Training activities and the development of an organizational improvement program was planned, and it is important that the event was planned as a thorough goal eventually is probably because connecting the charge of training with the desired work behavior.

According to the Qur'an, the basic qualification of a person has been shown by Allah in surah Al-Anfal verse 60:

وَأَعِدُّوا لَهُمْ مَا اسْتَطَعْتُمْ مِنْ قُوَّةٍ وَمِنْ رِبَاطِ الْخَيْلِ تُرْهِيبُونَ بِهِ عَدُوَّ اللَّهِ وَعَدُوَّكُمْ وَأَخْرِينَ مِنْ دُونِهِمْ لَا تَعْلَمُونَهُمُ اللَّهُ يَعْلَمُهُمْ وَمَا تُنْفِقُوا مِنْ شَيْءٍ فِي سَبِيلِ اللَّهِ يُوَفَّ إِلَيْكُمْ وَأَنْتُمْ لَا تُظْلَمُونَ.

*"And prepare against them whatever force you can afford and of horses tethered to war (which the preparation was) you deterring enemies of God, enemies and people besides them whom you do not know; was God knows. Whatever you shall spend in the cause of Allah, shall be repaid unto you, and you shall not be treated (harmed)". (Surat al-Anfal: 60).*

Knowledge Management is here, collecting, storing and retrieving

Hadits ilmu akan meninggikan derajat orang yang memiliki dan menyebarkan. Kewajiban organisasi untuk meingkatkan pengetahuan anggota organisasinya.

Hadits berlomba lomba dalam kebaikan → manajemen karir is here.

Sebaik baik orang adalah orang yang memberikan kebaikan kepada orang lain, puncak prestasi seseorang.

#### 4.3. Performance Appraisal (QS. Al Kahf : 87)

Performance appraisal according to Simamora (2009) is the process used by the organization to evaluate the implementation of the work to the individual employee. In his assessment of the performance of the employee's contribution to the organization is assessed over a period of time. Feedback performance (performance feedback) allows employees to know how well they work when compared to a standard organization. In modern organizations, performance appraisal is an important mechanism for management to use in explaining the objectives and performance standards to become the basis for decisions affecting salaries, promotion, dismissal, transfer, training, and other employment conditions.

Performance refers to the levels of achievement of tasks that make up a work of employees. Performance reflects how well an employee meets the requirements of a job and often misconstrued paraphrased as an effort, which reflects the energy expended, performance is measured in terms of results (Simamora, 2009).

Islam knows the reward and punishment at life and last days. Happy news and warnings from Allah to us conveyed in surat Al Kahf verse 87 :

*“He said, as for one who wrongs, we will punish him. Then he will be returned to his Lord, and He will punish him with a terrible punishment”. (QS Al Kahf : 87).*

According to Ahmad (in Junaidah Hashim, 2009), a good Muslim would always keep running in the rules of God. Muslims believe that what has been done in this world will be shown on the day of vengeance would later, and will be taken into account in the presence of its creator. A warning about the end of the day it will always remind people to always be careful to behave in this world. According to Ali (in Junaidah Hashim, 2009) performance appraisal based on the rules of Al Qur’an, grouped into three categories: contractual plans, personal responsibility and control, and assessment of work by the Strong.

A moslem manager is supposed to be much concerned for measuring appraisement in the corridor of islam that promotes transparency and responsibilities. In his responsibility to judge workers / employees, manager have to do it with unjust and treatment of a good and of its employees. Based on al-Hadith, Ali bin Abi Thalib wrote:

*"Keep an eye on the behavior of your employees, using them only after the trial period. Keep an eye on their performance and used for the purposes that you know the truth and loyalty. Take heed their job wisely will measure the honesty and good behavior to his job".*

Organizational trust is here, gap between what is expected and what is reality. Mengevaluasi kinerja berdasar kepercayaan kita pada orang lain. Percaya kepada orang lain merupakan bentuk tanggung jawab kita mempekerjakan orang lain berdasar tanggung jawab kita kepada Allah.

#### **4.4. Compensation (QS. Al Ahqaf: 19)**

Compensation management is an important function within the Organization and is usually a part of the responsibility of the human resources department. One of the most important assets of the job in the eyes of most employees are paid rates. The employee is normally paid on par with qualifications that are relevant to its work and is also determined by the expertise and the number of people in the work force who have qualified this. Pay is also determined by the skill and effort required to perform an assessment of the level of work and employment by the Organization and the community, (Simamora, 2009).

Hasyim (2009) suggests that Islam emphasizes that workers are given adequate salaries and a rational for their work, in the perspective of the quality and quantity of work, based on need and demand, and economic conditions in the community. Islam explicitly prohibits violence and coercion against the workers. God said in Surah Al-Ahqaf verse 19:

“And for all there are degrees (of reward and punishment) for what they have done, and (it is) so that He may fully compensate them for their deeds, and they will not be wronged”.

Ijarah compensation (wages, salary, honorarium) may be cash and could not, in the form of property or services. Essentially, anything that can be assessed should be priced as compensation, on condition that should be obvious. If not obvious, then the transaction is not valid. A worker may also be contracted with a compensation or reward in the form of a meal or clothes, nor given a certain wage with food and clothing. The Prophet sallallaahu 'alaihi wa sallam also ordered gives the worker the wages before the sweat dried. From 'Abdullah ibn' Umar, the Prophet sallallaahu 'alaihi wa sallam said:

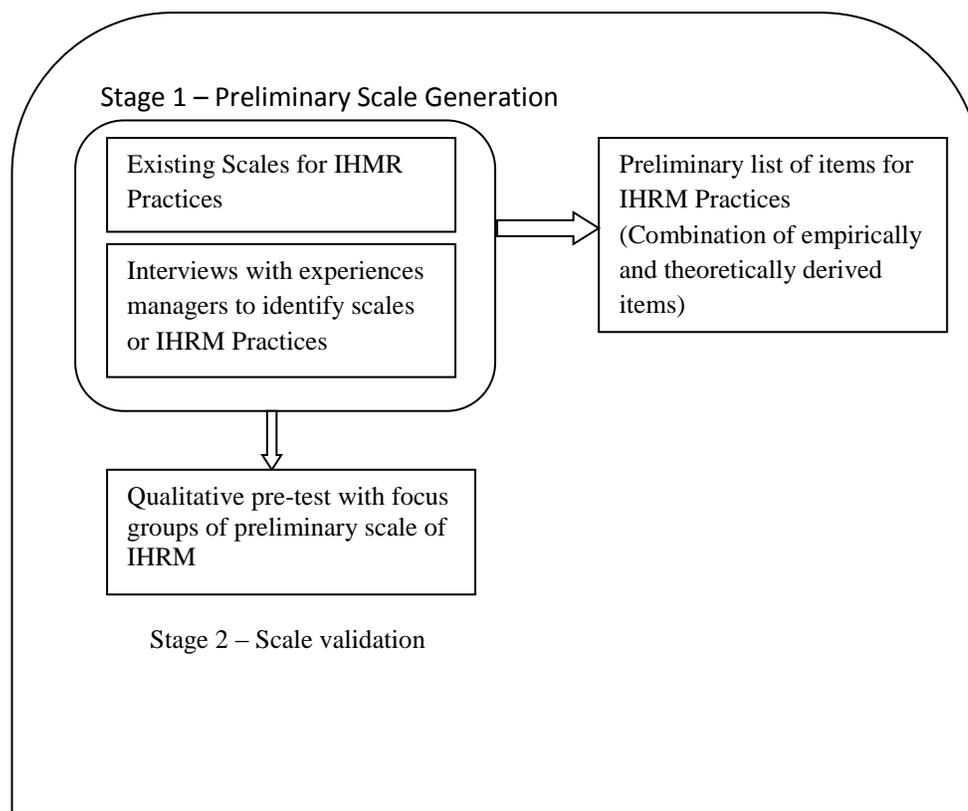
أَعْطُوا الْأَجِيرَ أَجْرَهُ قَبْلَ أَنْ يَجِفَّ عَرْقُهُ

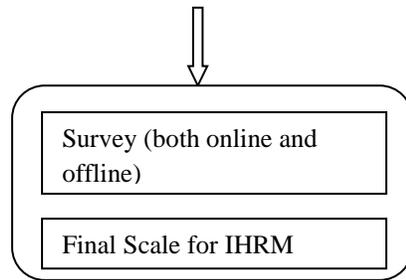
“Pay the worker for his work before his sweat dries”. (HR. Ibnu Majah).

Human resource is the most important capital in any organization (Hoseinian, et al., 2007) and there isn't any factor to substitute human resource. Employees' maintenance has wider dimensions than wage, welfare and safety plans in workplace. Meanwhile, it doesn't imagine the employees' expectations are the same in every organization, and it seems to recognize these expectations is not easily. When it is discussed about employees' maintenance, it is needed to study the various aspects of individuals, group, and organization desires, and to care individual differences in workplace (Mirhosseini, 2007).

[Organizational Justice is here](#)

Our future research includes an agenda to validate the scale that has been developed in this paper either by quantitative or qualitative. Below is our propose activities to validate the scales:





Stage 3 – Scale testing, Final scale generation, validation

## 5. Conclusion and future research

In summary, Islam has defined a social and economics values toward the use of people in an organization. A belief of Islamic values have to be operationalized in day to day work life, it is not only a slogan or rumor. Several values that has been offered by Khan, Farooq and Hussain (2013) for Islamic HRM based on Quran and hadith are: Brotherhood and benevolence (Al-Ukhuwwah and Al-Ihsan), Justice and fairness (Al-'Adl), Fulfilling the contract (Ifa al-'Aqd), People's rights (Haquq al-'Ibad), Fair compensation (Al-Ujrah), Cooperation (Al-Ta'awan), Trust and honesty (Al-Amanah and Al-Ikhlas), Brotherhood and benevolence (Al-Ukhuwwah and Al-Ihsan), Justice and fairness (Al-'Adl), Fulfilling the contract (Ifa al-'Aqd), People's rights (Haquq al-'Ibad), Fair compensation (Al-Ujrah), Cooperation (Al-Ta'awan), and Trust and honesty (Al-Amanah and Al-Ikhlas). In this research, we add more dimensions and indicators for human resource planning, training and development, performance appraisal, and compensation with the values of justice, based on competence, honesty and align with their abilities.

For today environment, we spent most of our life in workplace, therefore, we need to develop a more Islamic environments to infuse the holy of Al Quran in our daily life. Employees are one of the most important factors to increase the productivity. They are the determinant of stability and economic condition of a country. A national productivity depends on the quality of its human resource who should be smart, creative, diligence and professional. Allah has created a moslem generation as 'khaira ummah' (the best society), however, it will not have any meaning if we are not treat them as what Al Qur'an said and explained. Therefore, we need to develop a scale and measurement to implement this practice into organization and society so that we can control how far the entities have initiated.

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