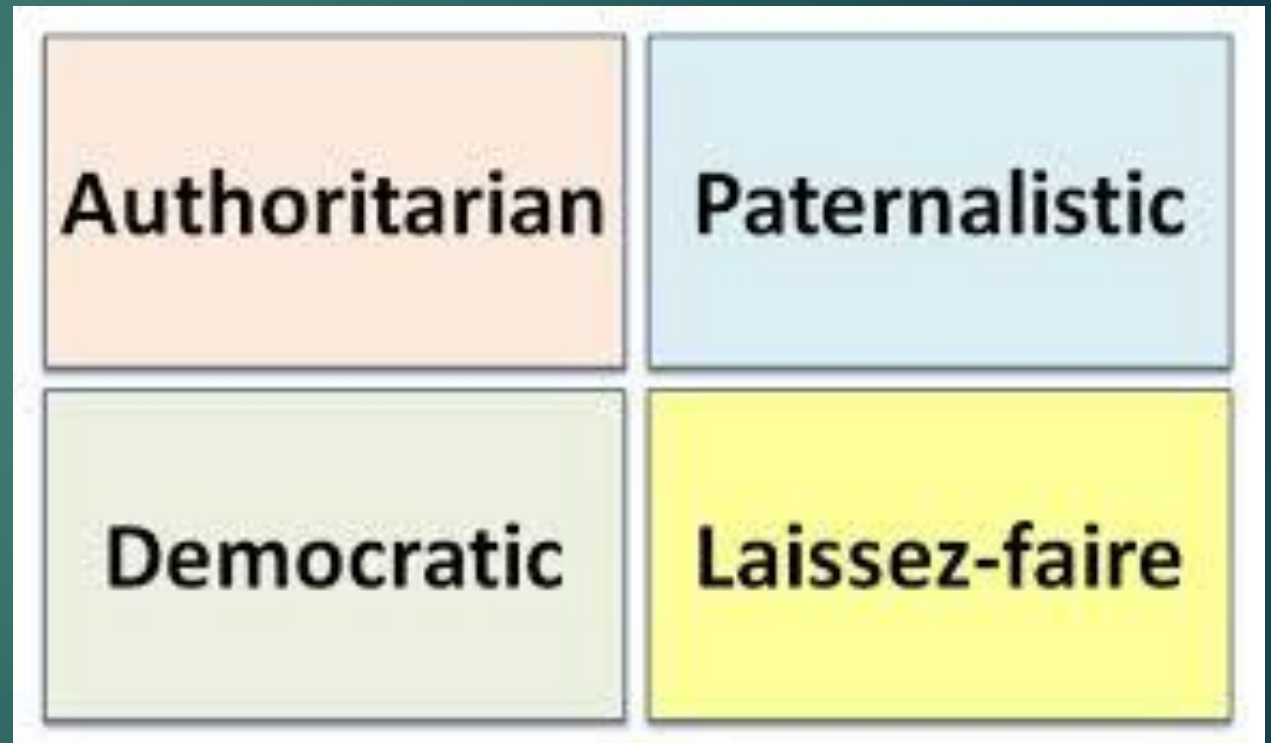# Human Resources Management

IN ISLAMIC PERSPECTIVE

Point of Comparison

Can you compare between all of the school of thought with this modern type of leadership?

Authoritarian	Paternalistic
Democratic	Laissez-faire

Previous Literature on Arab Management Thought

- Current HRM and overall organization practices in most Arabic and Islamic world:

- There is a contradiction between the ideal, as specified in the Quran and Prophet Mohammed's sayings, and reality in the Islamic Arab world.

  - 1. Risywah is abundant and common.

    - For example, interest charges on loans as well as bribes (money and gifts given or promised to a person in a position of influence to facilitate deals or change his or her con- duct) are publicly acknowledged in most Arab states.

    - Look at the corruption index 2014

  - 2. Process of consultation. In conducting business and political affairs, true adherents of Islam present consultation among peers as religiously positive, as this statement from the Quran attests: "Reward will be for those who conduct their affairs with consultation among themselves." "Obey God, and obey the apostle, and those charged with authority among you" (4:59). Thus, there is a high tension between participatory or consultative approaches, on the one hand, and authoritative approaches to management.

Tribe and Family connection

- Tribal traditions sanction consultation in the conduct of all aspects of life. It is the practice of tribal societies that members of the entire kinship network should be consulted on matters important to their collective welfare.

Tribe and Family connection

▶ Managers in Arab practices: behave as fathers, i.e., as protectors, caregivers, and those who shoulder all the responsibilities of business. While the above characteristics are not necessarily negative (e.g., caring about the welfare of employees, and personalized subordinate relations), they do suggest an authoritarian management style.

▶ The Islamic tribal- family orientation induces supervisors to ascribe to what is termed "outer-directed" values, i.e., conformist and sociocentric, rather than democratic beliefs. The outer-directed manager, for example, tends to adapt to his or her situation in life and does not "rock the boat." Outer-directed managers tend to prefer structured situations and adherence to policies and group norms.

The legacy of the Ottoman Empire and colonial bureaucracies

▶ Arab administration has remained captive of the bureaucratic structures and systems inherited from the long periods of occupation and colonization (El-Tayeb, 1986).

▶ The European colonists attempted to introduce efficiency and to improve indigenous skills for efficient operation of the civil service systems.

▶ The Ottoman Empire, however, demanded complete obedience and condemned creativity and independent thinking

The legacy of the Ottoman Empire and colonial bureaucracies

► The colonial bureaucratic and Ottoman autocratic systems, and tribalism, gave rise to what can be termed "sheikocracy." This term is a modified version of what Abd-Al-Khaliq (1984) and other called "bedoucracy" - solving contemporary problems by using traditional methods.

► According to Al-Kubaisy (1985), "sheikocracy" is a product of the interaction of bureaucratic and sheiko orientations and behaviors. He indicates that, due to industrialization and the introduction of modern organizations into the Arab world, managers have to adapt to new demands (e.g., clarification of authority and responsibility, efficiency, civil laws) while observing traditional values and norms (e.g., personal relations, preference for individuals from influential tribes, open-door policy)

Western contacts and the growth of pragmatism

- The fourth major influence on Arab management is a more current one, and relates to the growing role of pragmatism in the area (Ali, 1987a).

- Oil revenues, a rising new middle class, and improved education, health care, communications, and mobility, in combination with increased interaction with industrial cultures, have strengthened the influence of pragmatic values and approaches.

- The pragmatic manager tends to be aware of the misuse and waste of organizational resources, and is sensitive to the image of his or her organization.

Government intervention and political constraints

▶ The nature and role of government have changed since the late 1950s. Two factors have contributed to such changes: the rise of self-claimed socialist states in some parts of the Arab world (e.g., Algeria in 1962, Egypt in 1952, Iraq in 1958) and increasing oil revenue in some other states and the subsequent introduction of state planning (e.g., Saudi Arabia introduced its first development plan in 1970).

▶ In the self-declared socialist states (Iraq, Libya, Syria), fearful governments have hindered the development of indigenous managerial practices. Because of colonial influences, these states have historically enjoyed a relatively capable managerial class.

▶ The conservative states (e.g., Saudi Arabia, Kuwait, Qatar), on the other hand, have traditionally suffered from a lack of profes- sional managers.

Practice of HRM

- What is the different between HRM and Personnel Management?

- The scope for HRM varies across organizations. Walton and Lawrence (1985), for instance, identified four major areas of HRM policy: reward systems, including compensation and benefits; employee influence mechanisms such as participation; job design and work organization; and employee selection and development (see also Rosenzweig and Nohria, 1994).

- Organizational culture, as a broader context in which HRM polices are decided and implemented, can also be considered in a discussion of HRM. The management of organizational culture is a significant aspect of HRM (Legge, 1989), integrating it with otheraspects of an organization's way of life.

Practice of HRM

- Is it different in Arab with those in Asia, and in Europe?

- What constitutes the differences?

- Is the role of national culture in the shape and operation of business organizations?

- Some authors have emphasized the universality and similarities between organizations (e.g. Cole, 1973; Form, 1979; Hickson *et al.*,1974; Kerr *et al.*, 1952; Negandhi, 1979; 1985), and some others the uniqueness of organizations given their cultural contexts (e.g. Hofstede, 1980; Laurent, 1983 ; Lincoln *et al.*, 1981; Meyer and Rowan, 1977).

- **HRM is culture specific (Thayeb, 1988**)

Practice of HRM

National culture, as a set of values, attitudes, and behaviours, includes also those which are relevant to work and organization. These are carried into the workplace, as part of the employees' cultural baggage.

Work related values and attitudes, such as power distance, tolerance for ambiguity, honesty, pursuance of group or individual goals, work ethic, and entrepreneurial spirit, have been argued to be part of the cultural identity of a nation (Hofstede, 1980; Tayeb, 1988; Wiener, 1981).

Practice of HRM

- Moreover, the society at large has certain expectations from its organizations and exerts influences on them, through various formal and informal means.

- Political, social and economic institutions, such as the economic structure, trade unions, social groups, the educational system, and pressure groups, can all exert their own influences in turn on organizations (Hofstede, 1980; Tayeb,1996).
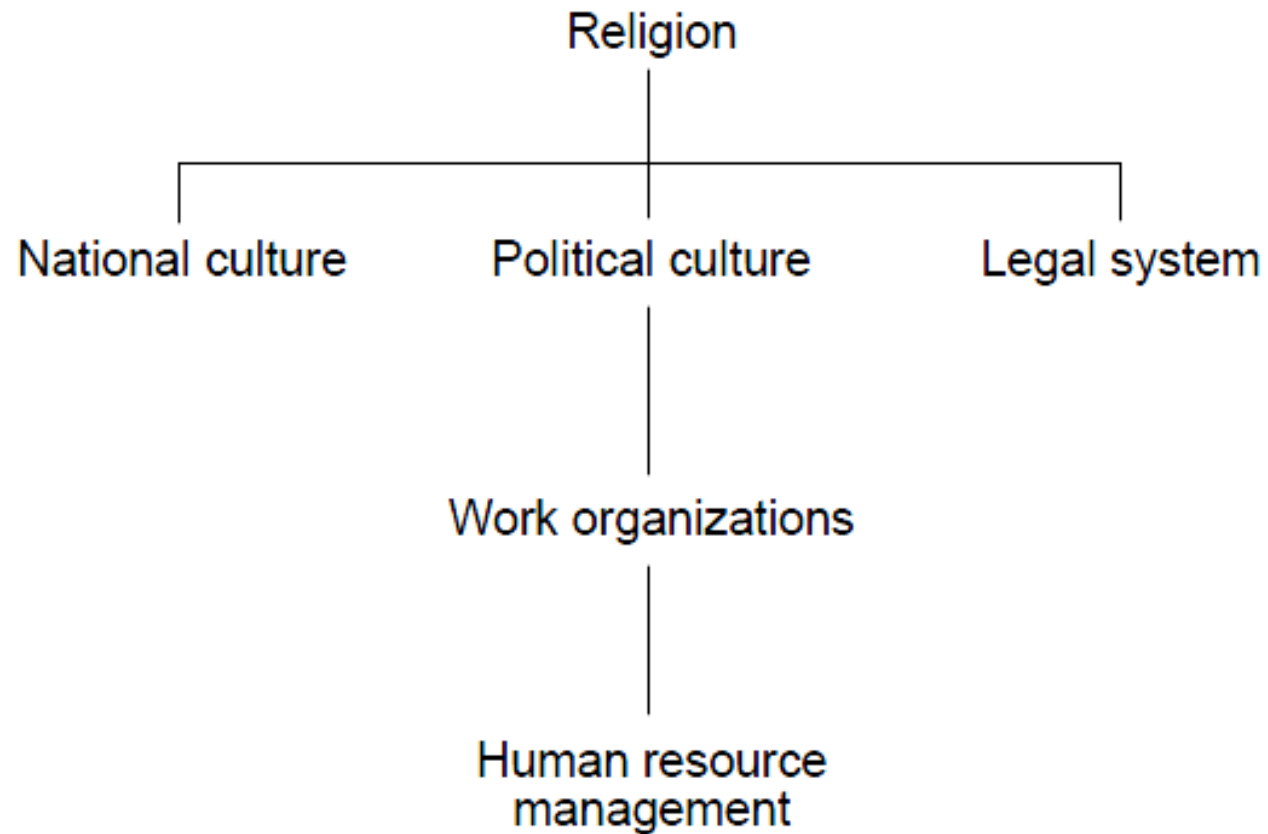
Practice of HRM

▶   The societal context can also influence the means by which managers perform their tasks and implement organizational strategies (Smith *et al*., 1989a; 1989b; Tayeb, 1995).

▶ The question of culture and organization is also relevant within the context of transferring management policies and practices across nations (Beechler and Yang, 1994; Tayeb, 1994; Welch, 1994).

▶ There are many factors which contribute to the formation and perpetuation of national culture, of which religion, as we shall see below, is a major one, but by no means the only one (Hofstede, 1980; Weber, 1930).

Practice of HRM: What factors?

- So, what factors affecting the practice of HRM?

Practice of HRM: Influences on religion on HRM in societies based
on a religious model

Religion

National culture   Political culture   Legal system

Work organizations

Human resource management

Practice of HRM: What factors?

- If religion matters, countries affected by Islam should have the best practice..
- Is the reality confirms the theory?

Practice of HRM: Religion

- Religions in many countries, with either secular or religious constitutions, have a certain degree of influence on the cultural characteristics of their people and their institutions.

- In the Islamic republic of Iran, for instance, all social institutions mentioned above and many more, such as the educational establishments and their priorities, the media, the arts, the political structure, the army, and private and public sector organizations, are all required to conform to Islamic values and instructions.

Practice of HRM: Religion

▶ In the past 25 years the world has seen a huge growth in what outsiders call Islamic fundamentalism (Overman, 1994).

▶ Everywhere in the Islamic world, from West Africa to Lebanon, Malaysia and Indonesia, Muslims have witnessed a return to Islamic traditions, to the fundamentals of their faith, as a way of asserting their identity, as a means to fight the social and political oppression and injustice they experienced in their societies, and as an alternative to materialism and tensions of the twentieth century (*The Economist*, 1994; Feillard, 1997).

Practice of HRM: Religion

- The Koran advocates a system based on individual enterprise and individual reward. The role of state, according to Muslim scholars, should be limited to matters the market cannot really cope with, such as the broad direction of the economy, and natural monopolies.

- At the micro level, the good Muslim businessman should be guided by his conscience – and by God's written instructions – to do the right thing by other people. He should pay a reasonable wage, charge a fair price, and be decently restrained in the way he spends his profits.

Practice of HRM: Religion

▶ **Islamic values and HRM, in theory:**

▶ Islam emphasizes that the nature of relationships among people is egalitarian, and, further, urges leaders to consult their followers in the running of their affairs.

▶ Translated into workplace behavior this should mean a **consultative decision-making process**, and a fairly **diffused power structure**.

▶ Self-discipline, trustfulness, honesty, resolve, loyalty, and abstinence, should encourage managers to trust their subordinates judgement and integrity, which could in turn lead to **a participative management style**. Co-operation, patience, and family-like relationships among people, should encourage teamwork and mutual support within an organization and care for the community outside it.

Practice of HRM: Religion

▶ *Iranian study*

Latifi (1997), who closely observed a sample of Iranian managers at work over a period of time, discovered traces of Islamic values in Iranian managers' HRM style.

She found that Iranian employees viewed their managers as sympathetic brothers and sisters or compassionate fathers and mothers. In addition, this family-like relationship appears to have been extended to include "social" and "teacher" roles for the managers. They were frequently involved in their subordinates' private lives and family matters.

Some of those interviewed said they would make their time and organizations available for high school and university students who would wish to conduct a research project or acquire work experience as part of their courses. They saw this as fulfilling a part of their responsibility to the society and to the next generation of managers.

Practice of HRM: Religion

- ***The Malaysian survey***

- The government of Malaysia, led by Prime Minister Mahatir, has been initiating and implementing an Islamization process in the country. The ultimate goal of this process is to infuse Islamic values throughout the society at all levels, from individual to institutional.

- Most organizations held frequent religious sermons and used corporate culture to inculcate Islamic awareness among employees. In one company the practice of supplication (*doa*) was conducted daily before and after working hours. In all the firms in Endot's study the management urged their subordinates to understand that they were accountable for their work not only to the organization, but to God (*Allah*), and that their work was considered by Islam as a form of worship of God.

Practice of HRM: Religion

- **Arab (Middle Eastern Survey) By Muna (1980)**

  - In a survey of executives in six countries, Muna (1980) reports that the importance of consultation was emphasized by the interviewees. He argues that there are strong expectations among senior managers, partners, and even some friends and relatives to be consulted on organizational or daily issues.

  - Further, consultation, for some managers, seems to be an effective "human relations" technique. It is used to avoid potential conflicts between executives and their subordinates; to please, to placate, or to win over people who might be potential obstacles to one's ideas or actions; and to provide the person consulted with a "face saving" mechanism. Also, consultation is seen as an information gathering mechanism. However, in any given situation a few selected people are merely consulted, and the selected few are determined by the circumstances.

  - Moreover, although consultation can occur, decisions are never made jointly and are not delegated down the hierarchy.

Islamic Human Capital: motivation

▶ Islamic human capital:

Becker (1964) defined the human capital as the knowledge, ideas and skills of individuals that gained through activities such as formal education, off-the-job training and on-the-job training.

All of these are useful in value creation in an organization which could differentiate from other competitors.

In labor economic theory, it is viewed that the labors are required to posses such skills and knowledge that used to increase productivity and employment probabilities (Rephann, 2002). Those attributed will be acquired through the investment initiated by the firms in education and training.

Islamic Human Capital: motivation

- **Islamic human capital:**

- Studies in Islamic human capital and firm performance, among others; Islamic human resources practices and organization performance in Malaysia by Ilhaamie (2010), Islamic hospitality on indigenization of products and human capital in UAE (Stephenson et al., 2010), Islamic human resource development and motivation (Khan & Sheikh, 2012) and human capital development from Islamic perspectives (Hans & Bashiir, 2009).

Islamic Human Capital: motivation

- **Islamic human capital:**

- In Islamic perspectives, human capital is associated with a term of *ahliyah* defined as aptitude, fitness, competence validity, authority, and qualification which collectively connote the human ability and quality to perform certain duties diligently (Hans, 1980). Obtaining *ahliyah* means to reach certain level of intellectual maturity and mental fitness, whereby the individual entitled to be fully responsible and accountable expected to contribute to the betterment of human life (Hashi & Bashiir, 2009).

Islamic Human Capital: Motivation

► In Islam, the objective of human capital development is not just only to produce a better person in terms of possessing technical knowledge, skills and good values but also a person with a better soul.

► Consequently, he or she will be a good worker that will not act in his or her own interests but to be loyal to his or her employer as he or she is fearful (*taqwa*) of Allah The Al-Mighty.

Islamic Human Capital: Motivation

- Thus, the employer or the organization will gain higher service quality and productivity. The concept of purifying one's soul in order to be a better person is known as *tazkiyah al-nafs*. *Tazkiyah al-nafs* means a purifying process from bad spirits (*amarah* and *nafs lawwamah*) in oneself to good and better spirits (*nafs mutma'innah* and *kamilah*)12 by following and practicing the Islamic law principles (*Syari'ah*).

- There are two dimensions of the process.

  - One is purifying from the bad and evil attributes (*madhmumah)* eg. boasting (*riya'),* pride (`*ujub*), hypocrisy, conceit, deceit, mischief called *al-takhalli* process

  - and the other one is to observe good and holy attributes (*mahmudah)*, e.g.forgiving, selfless (*zuhud*), endure (*rida*), patient, honest, hardworking, brave, soft-spoken, submission to God (*tawakkal*) called *al-tahalli* process.

Islamic HRM: Breakdown

- **Islamic Selection and Recruitment Practice**

- Islam emphasizes on the criteria of Muslim workers that should be selected which are identified as piety, competent or experts in terms of qualifications, skills, experiences, health, intelligence and possess good moral or akhlak and spirit of team work or amal jama'i, (Surah al- Qasas: 26; Sunan al-

Islamic HRM: Breakdown

▶ **Islamic Selection and Recruitment Practice**

▶ Bukhari; Surah al-Bayinnah: 7; Surah al-Hujurat:13; Surah al-Nisa': 58). They should be dedicated, committed, hardworking, trustworthy, dedicated, loyal and disciplined. Furthermore, they should be someone who is familiar with the organization or persons (e.g. internal candidates, Surah al-Nisa': 36).

▶ The process of selection and recruitment should be just whereby the panel of selection does not practice discrimination in selecting and recruiting new employees. They should be selected based on the mentioned criteria after the panel has discussed their suitability.

Islamic HRM: Breakdown

- **Islamic Training and Development Practice**

- Training and development from Islamic perspective focuses on purifying one's soul (tazkiyah al-nafs), instilling Islamic values (al-ta'dib), understanding the philosophies of Allah's Oneness and Greatness (altawhid al-uluhiyyah and al-rububiyyah) and the concepts of working as a vicegerent (khalifah), a team (jama'ah), full submission to Allah ('ibadah) and a way to succeed (al-falah).

Islamic HRM: Breakdown

- **Islamic Training and Development Practice**

- Islamic training and development practices also stress on the importance of knowledge, physical development and the trainers themselves. In this respect, the teaching of Islam highlighted several important approaches to rationalize the concepts. They are, for example; through sermons (tazkirah), discussion of the Islamic principles in view of al-Qur'an and al-Hadith (Prophet's prescriptions), congregational prayers and personal obligations (Ilhaamie, 2009).

Islamic HRM: Breakdown

▶ **Islamic Career Development Practice**

▶ Islam does not discriminate employees on the basis of race, color, sex or religion in developing their careers (Surah al-Hujuraat: 13). Instead Muslim employees are encouraged to develop their careers as Muslims are encouraged to plan for their future (Nasri & Ahmad, 2006). Thus, employers should provide facilities e.g. career development program and give assistance e.g. special assignment, mentoring system to their employees in a way to help them to enhance their careers.

Islamic HRM: Breakdown

- **Islamic Performance Management Practice**

- In Islam, employees' performance measurement should be based on justice and fairness and accountability and responsibility (Surah an-Nahl: 90, Surah al-A'raf: 85, Surah al-Hujuraat: 13). In order to ensure this to happen, appraisers should be sent for training (Surah an-Nisaa': 58). Bear in mind that their task is a trust from Allah swt. and thus, should not publicize their employees' weaknesses (Surah an-Nisaa': 149) even though the intention is to educate other workers. They also should not discriminate their employees on the basis of race, color or religion (Junaidah, 2007).

- Furthermore, if the employees are not happy with the appraisal scores given by the employers, they should be permitted to appeal the scores that they consider as to be inaccurate or unfair.

Islamic HRM: Breakdown

- **Islamic Reward Practice**

- Islam encourages employers to reward their employees according to their qualification, experiences, knowledge, capabilities and amount of work they do. (Sunan Ahmad, Surah al-Yasin: 54, Surah An-Najm: 39). The reward should be given as soon as they have completed their work (Sunan Ibn Majah). To delay paying the employees is not allowed in Islam as it is an act of cruelty.

Islamic HRM: Breakdown

▶ **Islamic Reward Practice**

▶ Those employers that do not pay their workers are the enemies of the Holy Prophet and also Allah swt. (Sunan Bukhari, Surah Hud: 85; Surah al-A'raf: 85; Surah al-Maidah: 8). The amount of reward should be adequate for them to buy food, clothing, place to stay and transportation. There is no discrimination in rewarding workers no matter the gender of the worker is (Surah an-Nahl: 97; Surah al-Kahfi: 30, Surah al-A'raf: 85).

▶ However, the married employees should get more than the unmarried as they have children to feed, clothe and school. The employees also should be given allowances, bonuses, overtime pay, salary increment, leaves and medical treatment.

Managing Conflict- HRM supplement

Nature of conflict

► Wall and Callister (1995) define conflict as ". . . a process in which one party perceives that its interests are being opposed or negatively affected by another party."

► Ahmed (2007) states that conflict is "perceived difference between two or more parties resulting in mutual opposition." Simplistically, conflict arises when ones own benefit or interest cannot be achieved simultaneously with another party's benefit or interest (Jones and Melcher, 1982).

► It is clear that conflict is inevitable as each party has its own history, character, gender, culture, values, beliefs, and behaviors whichinfluence its actions and motivation.

Nature of conflict

▶ It is clear that conflict is inevitable as each party has its own history, character, gender, culture, values, beliefs, and behaviors which influence its actions and motivation.

▶ This diversity of perspectives, in contrast to leading to conflict between parties, could potentially enrich any discussion if managed properly (Farmer and Roth, 1998).

▶ Gardiner and Simmons (1992) in discussing conflict in construction project management, define it as "any divergence of interests, objectives or priorities between individuals, groups, or organisations; or non-conformance to requirements of a task, activity or process."

Nature of conflict

► Aritzeta et al. (2005) underline three basic facets that can formulate conflict definition. The first facet is that conflict arises when parties involved in any argument perceiveit as a conflict. Secondly, there is a degree of interdependence between the parties involved, which allows for mutual influence over one another. Finally, scarcity of resources, such as monetary, human, or prestige, are major reasons of conflict.

► A rule of thumb is that the earlier one discovers conflict developing, the easier it is to resolve.

Nature of conflict

▶ Manifesting the bright side of conflict will encourage employees to face conflicts and resolve them in a managed way. This, in turn will raise communication, efficiency, increase commitment and nurture loyalty during the project (Farmer and Roth, 1998; Jameson, 1999; Thamhain and Wilemon, 1975).

▶ A further example in the context of project managed environments, from a study by Tjosvold and Su (2006) is that of team members who share a common goal, but have conflicting views about the process of achieving them. Such conflict, if seen positively and properly managed can be useful and constructive.

Definition of conflict management

▶ Rahim (2002) provides a sophisticated interpretation to distinguish between 'conflict resolution' and 'conflict management'.

▶ He argues that conflict resolution involves reduction, elimination, or termination of conflict. In other words, conflict resolution perceives conflict as a destructive phenomenon.

▶ On the other hand, **conflict management implies designing effective strategies to reduce the destructive facet of conflict and enhance constructive roles of conflict to improve learning and effectiveness in organizations.**

Definition of conflict management

- Among the factors that determine the complexity of managing a conflict are :
  - the source,
  - size,
  - number of individuals or groups involved, and
  - the type of conflict (Farmer
- Furthermore, literature is available which covers issues of conflict between project team members (Porter and Lilly, 1996), project clients and contractors (Thamhain and Wilemon, 1975) and conflicts in managing stakeholders (Pinto, 2000).

Types of conflict

- Classifications for conflict within projects as:
  - Interpersonal, **Interpersonal conflict is typified as the conflict within the person and it takes the forms of role conflict between colleagues when their values, beliefs, or benefits contradict. Or it could arise when the person has multiple roles and the requirements of the roles cannot be met concurrently.**
  - Intergroup, **Intergroup conflict arises when the interests or tasks of multiple groups oppose. Such conflict is widespread in construction project management as a result of scarcity of resources, cost overrun, scope change, administrative procedures, schedules, technical resources, and personnel**
  - Inter-organisational, I**nter-organisational conflict arises between organisations due to high market competition.** In project management, inter-organisational conflict is currently common between contractors and clients as a result of various economic factors including, but not limited to, inflation and material price fluctuation, particularly in long term mega-projects
  - International. **International conflict arises between nations and it is commonly visible within programme management and is caused by a multitude of factors.**

In Islamic Perspective

► The Islamic approach to conflict management is derived from the major principles and values of Islam as a religion, such as justice (Randeree, 2008), equality, freedom, and affirmative critical and goal oriented thinking (Abdalla, 2001; Al-Buraey, 2001; Khadra, 1990; Yousef, 2000).

► Leadership has a vital impact on effective conflict management from an Islamic viewpoint.
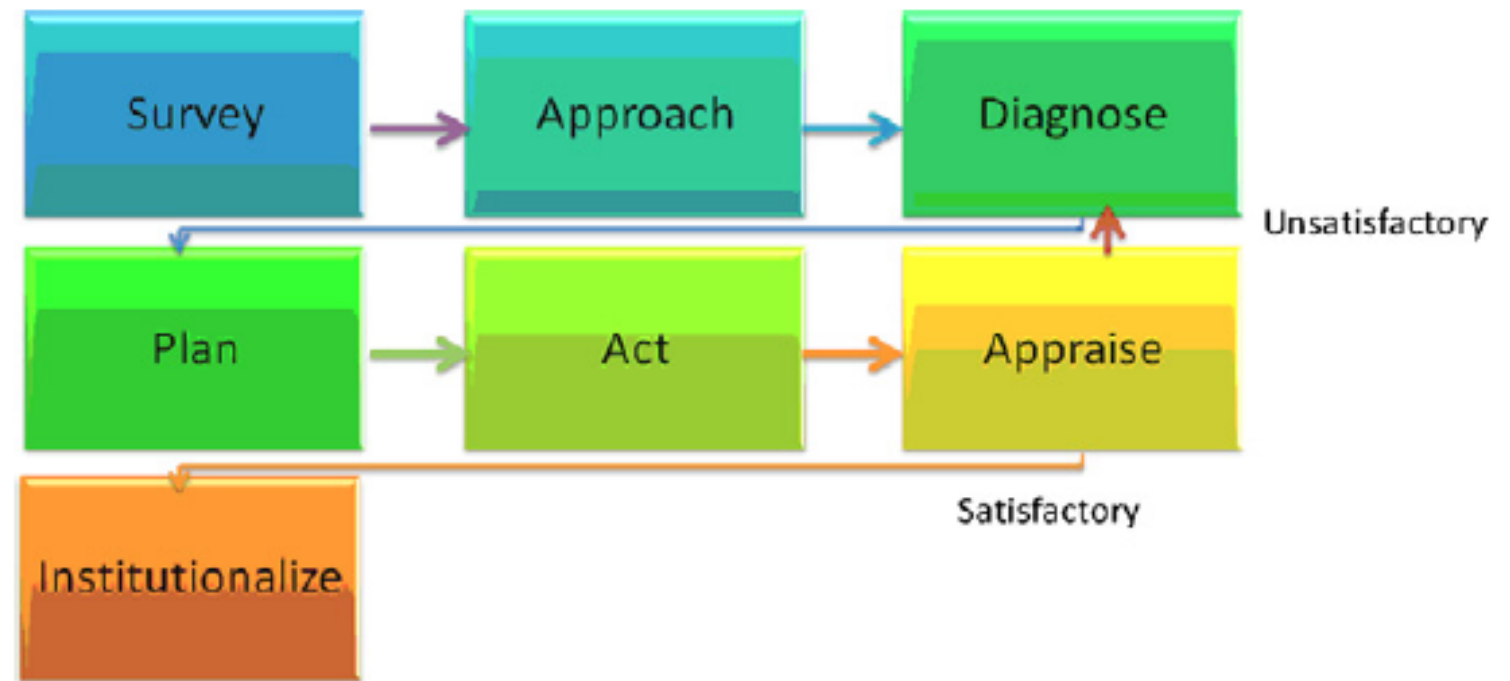
In Islamic Perspective

- Proactive model

Fig. 1. The proactive model (Noor, 2002).
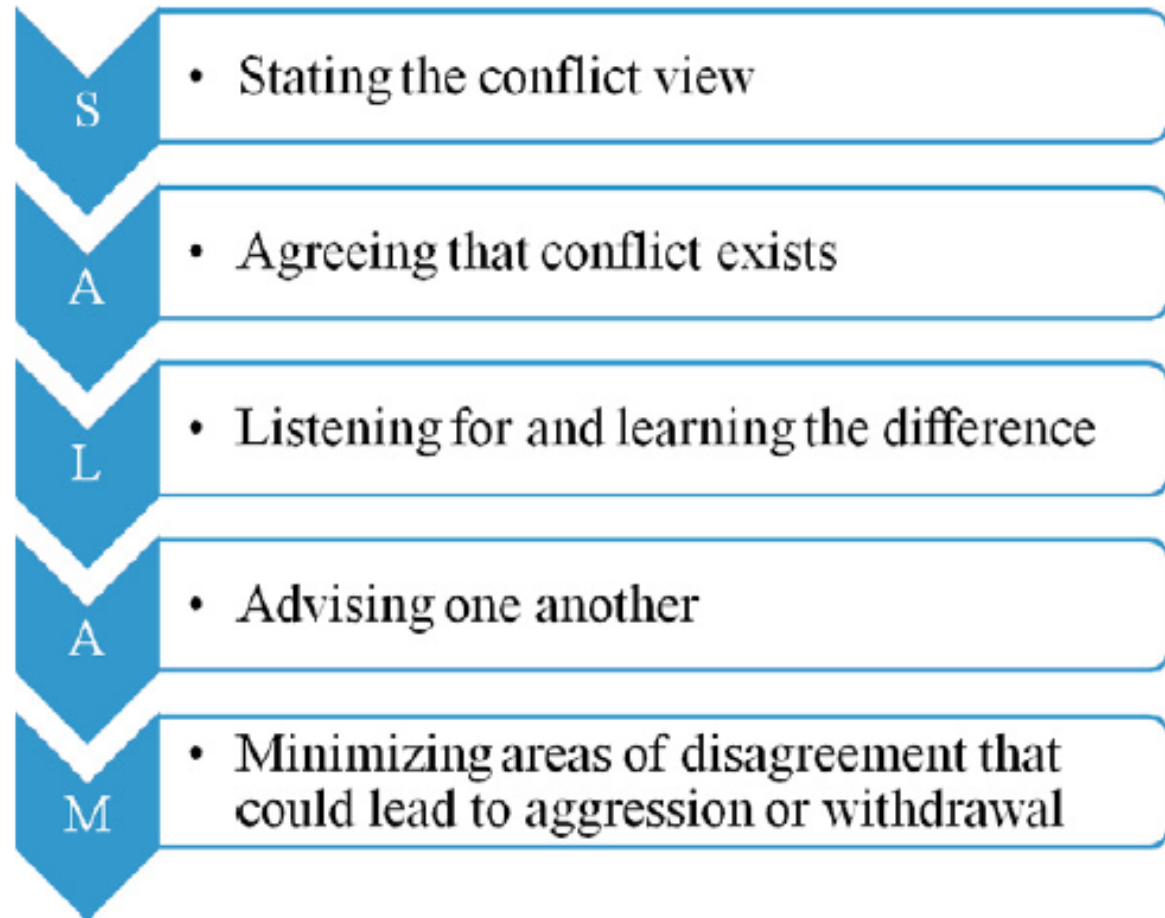
In Islamic Perspective

▶ SALAM model

Fig. 2. The SALAM model (Ahmed, 2007).

In Islamic Perspective

- SNT model

- The S.N.T model is a proactive process that fosters constructive conflicts. Avoiding conflict in the S.N.T model does not refer to conflict ignorance; rather it presents ways to enrich favorable conflicts.

- The "S" stands for a key principle in the Islamic religion which is 'Shura', or consultation, implying consulting others before implementing any change. Such an approach minimizes disagreement between stakeholder parties and enables fostering a conducive environment for change.

- The second principle is 'Naseeha' ("N") which means advice. In a project context, advice can be offered to all stakeholders, with feedback to project managers and clients providing clarity about changes. Sincere advice and viewpoint exchange between parties fosters common understanding of consequences of the change.

- The last element 'Ta'awun' denoted by "T", indicating cooperation which is essential for the change process, to promote healthy communication, reduce change opponents, and eliminate hostile workplace environment (Ahmed, 2007).