

Do Islamic HRM Practices Influence Employee Outcomes: Mediating Role of Employee Engagement

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Abstract

Islam is a complete code of life and it motivates all Muslims to perform their duties effectively. It guides every step of life. Similarly, it also explains teachings about managing people in an organization. The aim of this study is to explore the effects of Islamic human resource management (HRM) on employees' outcomes under mediation by employee engagement in Islamic banks in Pakistan. This is quantitative study and data collected by using personal administered questionnaires. The 170 questionnaires were floated among employees of Islamic banks in Pakistan. The questionnaire included validated scales of Islamic HRM, employee engagement, job satisfaction, turnover intentions and organizational commitment. The results revealed that selected banks consider Islamic approach during HRM functions. The results of regression and correlation analyses indicate that Islamic HRM is significantly and highly correlated to employee outcomes. The multiple regression analysis revealed that employee engagement mediated the relationship between Islamic HRM and employee outcomes.

Key Words: Islamic HRM, Employee Engagement, Job Satisfaction, Turnover Intentions, Organizational Commitment.

1. Introduction

Human resource management (HRM) plays very crucial role in accomplishing individual and organizational goals and objectives. The firm's productivity, reputation, long term survival and customer service is greatly affected by employees' sense of fair treatment, enthusiasm, quality, satisfaction and experience. Human resources are considered lifeblood for an organization. To achieve stated goals and achievements, the human resources must be properly monitored and finely tuned. The customs of society, political stances and religious beliefs influences HR practices but this is seldom stressed and underlined in the literature. God has addressed HR issues directly and indirectly in Holy Book (Ali et al., 2000). The provision regarding relations to others, right and wrong, spirituality and work, punishment and reward is also reported in religious teachings (Ali et al., 2000).

In most of the countries HRM is influenced by religion. Formal rules and regulations are formed to show the relationship of management-employee according to religious teachings. These formal and written plans are related to employee's individual rights (like as wage levels, job security and equal employment rights), these are related to employees' collective privileges (such as participative decision making and unionization). Many past studies elaborated influence of Islam on organizations. These researches concentrated on Islamic work ethics' impact on organizational outcomes like as satisfaction, loyalty and commitment (Yousef, 1999, 2001; Ali and Al-Kazemi, 2007).

Furthermore, these previous researches examined Muslims countries' HRM practices especially in Middle East including Egypt, Kuwait, Algeria, Saudi Arabia, Turkey and Iran (Al-Hamadi et al., 2007; Al-Enzi, 2002; Budhwar et al., 2002; Mellahi and Frynas, 2003; Budhwar and Mellahi, 2007). There is only one researcher Tayeb (1997) who addressed

Islamic HRM issue in Asia. The Muslims are great in number in Pakistan, India and Bangladesh. In this study Islamic HRM practices in Pakistan are taken into account. This study is conducted on Islamic Banks in Pakistan to examine the Islamic approaches of HRM. The study also highlighted the Islamic approaches influence on employee engagement, turnover intentions, job satisfaction and organizational commitment of employees.

Many studies have examined the effect of religion on employee behaviors. For example, Ali et al. (2000) has investigated the implications of Ten Commandment of Judaism, Christianity and Islamic on human resource (HR) strategy. Several previous studies have also found the relationship among Islamic work ethics and loyalty, job satisfaction and organizational commitment (Ali & Al-Kazemi, 2007; Yousef, 2000, 2001). However, there is very little body of knowledge in which the mediating role of employee engagement was explored by scholars in the relationship between Islamic HRM and employee outcomes. Thus, the current is designed to explore the influence of Islamic HRM on employee outcomes under mediation by employee engagement. This study is valuable to increase the knowledge on Islamic HRM in organizational behavior. The present study will also provide beneficial insights to both the Muslims and non-Muslims managers who are managing Muslim employees.

First section explained introduction of the study. The second section explains literature review. Conceptual framework and hypotheses are developed in third section. Fourth section deals with the methodology of study. Section five described the hypotheses testing by applying different tools and techniques. The sixth section describes the conclusion, implications, limitations and direction for future research.

2. Literature Review

2.1 Islamic Human Resource Management (IHRM)

Normally, religions are considered as sets of beliefs, conduct and worship. Metle (2002) stated that Islam is a religion which produces unique personality of individuals and divergent culture of society. The researchers try to elaborate the guidance of Quran and Hadith about the Islamic human resource functions. This study includes five main functions of human resource management named as; recruitment, performance appraisal, training and development, selection, and compensation. The Quran stressed on justice and honesty in trading and it appeals fair and unbiased distribution of wealth in any society. The Holy Quran raises the spirit of human to attain technology and skills, and praises those human beings who work hard to earn living.

2.1.1 Recruitment

Recruitment means the process in which different organizations find and attract individuals to fill out the job vacancies. The objective of it is that to find and fill job posts. Organizations determine and plan mandatory job requirements in order to find competent and suitable person. Human resource manager has to perform this responsibility in most of the organizations. All decisions about recruitment must be done fairly and wisely to ensure that competent and suitable candidate is selected for the job. According to Islam, the person who has the responsibility of recruitment should be just and pious. A manager should do and perform religious obligations include; fasting, zakat, prayers and others commands of Islam (Ahmad, 1995) to ensure just treatment and fairly recruitment. A Muslim is to be treated as pious who obey God and His orders.

In general, pious and religious person is considered more honest, this belief is inconsistent in research. A pious manager, who obeys the orders and commands of God, is hoped to perform his duties regarding HR practices according to Islamic laws. Quran says about this requirement: *“God doth command you to render back your trust to those to whom they are due; and when ye judge between man and man, that ye judge with justice; verily how excellent is the teaching which He giveth you! For God is He who heareth and seeth all things. O ye who believe! Obey God and the Messenger, and those charged with authority among you. If ye differ in anything among yourselves, refer it to God and His Messenger if ye do believe in God and the Last Day: That is the best and most suitable for final determination”* (4:58-59).

It is required for employer to provide true facts to applicants about the jobs such as; jobs’ requirements, criteria and compensation for job holders. This information should be provided to job applicants in order to give them chance so that they can match their competency, interest and capability with job suitability. Applicants should not asked for the work that they can’t done. The Quran says; *“On no soul doth God place a burden greater than he can bear”* (2:286). During the time of Hazrat Muhammad (P.B.U.H), the job requirements and specifications were practiced in selecting personnel to fill government positions (Ali, 2005). The applicants should be informed about the compensation. The Hazrat Muhammad (P.B.U.H) said, described by Abu Zar Gafari, *“Whoever believe in God and the Day of Judgment, should not employ a worker until he or she knows what he or she is going to receive”*. Ahmad (1995) stated that Hazrat Muhammad (P.B.U.H) also said, *“Whosoever engages a worker on work should mention the wages in advances”*. Applicants are also advised in Islam that they should provide true information. Furthermore, Ahmad (1995) indicated that the falsehood is strictly prohibited in Islam. *“And never mix truth with false, nor conceals the truth when ye know”* (Quran, 2:42). True and accurate information from employer and applicants defends the interest of both parties. Allah says in Quran; *“The believers, men and women, are protectors, one of another; they enjoin what is just, and forbid what is evil”* (9:16).

2.1.2 Selection

Selection is considered complicated and complex task in organizations (Ali, 2005). Employers have to select required candidates among many potential candidates who applied for the job. Furthermore, nepotism and favoritism can affect the selection process and decisions. According to Quran, job candidate should be honest and competent, without these qualities candidate couldn’t be considered efficient. It is compulsory for the Muslims manager to follow the order and commands prescribed in Quran to avoid nepotism, favoritism and discrimination in the workforce in selection process (Ali et al., 2000). The competent and potential candidates should be selected for job instead of adopting dishonesty and injustice. Hazrat Muhammad (P.B.U.H) said, written in Sahih Bukhari; *“He whoever hires a person and knows that there is another one who is more qualified than him has betrayed God and His prophet and the Muslims”*

In modern age, friendship is the most affecting factor in employees' selection process in Muslims countries. Hazrat Muhammad (P.B.U.H), in his lifespan, rejected the request of his friend, who wanted to perform his duties as governor. He told his friend that you, Abu Zar, was not appropriate for the job. According to Islam while selecting employees following principles are required to be followed. Justice is the first principle. Justice means that to treat a person right or to put a thing where it belongs. Agil (1997) stated that Hazrat Ali wrote; *"Do not nominate them (officers) on account of favoritism or egoism. These two attributes reflect injustice and treachery"*. Competency is the second principle. According to Quranic standard, an individual should be selected on merit and competence basis instead of on the base of wealth, race, age, political power, and friendship ties or alike. Honesty is the third principle. It requires from both sides, applicant as well as from recruiter. To ensure right and accurate decisions and judgment, prevent recruiter from performing unlawful or undesired, honesty plays important rule. Lastly, Islam prohibits burden of work that will more than individual's capacity because individual may not accomplish the tasks due to own limitations or unnecessary workload that can harm the organization as well as him-self.

2.1.3 Performance Appraisal

It helps in deciding pay and promotion for the employees. In performance management, it also plays curial role. It also helps in improving deficiencies, highlighting good performance, and enhancing planning activities. Islam believes on punishment and rewards of every action in this life and the life after it. Information about all good and bad things is sent to human being through His Messengers. Allah said in Quran: *"Whoever doth wrong, him shall We punish; then shall be sent back to his Lord, and He will punish him with a punishment unheard of [before]. But whoever believes, and work righteousness, he shall have a goodly reward, and easy will be his task as We order it by Our command"* (18:87-88). Furthermore, Ali (2005) enlightened that in Islam, performance appraisal are explained in Quran and based on the practice of Hazrat Muhammad (P.B.U.H) and his four Caliphs. In Quran, it can be clustered into three classifications. It includes, prescribed arrangement (contract between employer and employee), self-responsibility and self-control, and evaluation of performance by Allah. According to contractual aspect, a good relationship exists between employer and employee. Both, the employee and employers should meet the expectations of one another. The Quran advises the Muslims about promise in following words; *"And fulfill engagement, for the engagement will be enquired into"* (17:34).

In regard of self-responsibility, the Quran explains that every person is responsible for his own deeds but not the actions and deeds of other. So, it is moral duty of employees to monitor and evaluate their performance. The Quran discloses; *"Nay, man is a witness against himself"* (75:14). Both self-assessment and contractual agreement will be certified in the Hereafter. The actions and conducts of employer and employees is monitored by Allah in the Hereafter. The Quran discloses; *"For God ever watches over you"*(4:1).The other category which is related to performance appraisal is the practices and sayings of Hazrat Muhammad (P.B.U.H) and his Caliphs. Ali (2005) quoted that Hazrat Muhammad (P.B.U.H) said; *"Muslims shall be bound by the conditions*

which they make". In this saying of Hazrat Muhammad (P.B.U.H), it is compulsory for the employees and workers to accomplish their tasks with responsibility and they are accountable for all their work, regardless of their positions in the organizations.

Ali (2005) described two performance evaluation approaches include; behavioral-based and judgment-based evaluation. In judgment based method, attributes and traits of employees are included. These traits include, truthfulness, responsibility, justness, honesty, dedication, competence, maturity, and so on. Islam asks the Muslims to perform their tasks and jobs with honesty, competence and without any delay (Ahmad, 1995). The second method of performance evaluation method namely behavioral based evaluation was greatly used by second Caliph of Islam, Hazrat Umar (R.A). In his reign, to evaluate each subordinate, these questions were given priorities; did he visit the sick people and slaves? How did deputy treat disenfranchised? If these questions, both or any one from these was negatively answered, Hazrat Umar (R.A) removed the employee and subordinate from position.

The next problem is about the appraisal (who should fix it). Normally, superiors do the appraisal. Often, supervisors inaccurately appraise their employees. Ali (2005) asserted that sometimes it is very difficult for managers and supervisors to appraise employees because of personal relationship and religious thoughts. Ali (2005) stated that firing employee can create problems for both employers and employees. Furthermore, some managers and supervisors are kind, lenient, merciful and generous towards employees and they come to know the actual reasons of employees' poor performance.

As God said in Quran; *"Would pardon, overlook, and forgive, know that God is All-forgiving and All-merciful"* (64:14). Some managers and supervisors don't make negative evaluations because of personal relationship such as friends, neighbors and relatives. In the region of Hazrat Umar (R.A), for the appraisal purpose of subordinates, feedback of clients were considered. Thus, a Muslim manager and supervisor should consider Islamic teachings and must ponder the responsibility and accountability. Al-Buraey (2005) stated that Hazrat Ali (R.A) wrote; *"Monitor the behavior of your assistants and use them only after probation. Monitor their performance and use for this purpose people who are known for their truthfulness and loyalty. Your discreet monitoring of their work will ensure that they remain honest and considerate to their subject"*.

2.1.4 Training and Development

Training is important component in HR practices which enhances the qualities of human resources to help them to achieve organizational as well as individual goals and objectives. Knowledge is the quality on the basis of which man is representative of Allah on the earth (according to Quran). Allah said in Quran; *"When the Angels questioned Adam's suitability for representation, God cited Adam's knowledge to convince them"* (2:30-33). These verses highlight two important points. First, it is shown that Adam was Allah's representative on earth on knowledge basis. Second, among Adam's children who have knowledge are more preferred on others. A man surpasses others on knowledge basis, as Allah said in Quran; *"Are those who know equal to those who know not? But only they who are endowed with understanding keep this in mind"* (58:11). In another place, Quran reveals; *"God will exalt those who*

believe among you, and those who have knowledge, to high ranks. God is informed of what ye do.”

Ali (2005) stated that in Muslims countries most of the training programs are based on Western methods and techniques. Furthermore, Altalib (1991) commented that in the development and training of employees through Islamic methods include spiritual and moral training which, at last, establish physical development of employees. Training should also be conducted to increase employees' faith in Allah. Undoubtedly, knowledge and training are related. According to Islam, training of employees should be conducted to enhance their knowledge, skills and levels. Islam encourages employees to work and motivate them to get excellence and perfection in their work because it ponder work as an important component for success in the life of worker. Employees and workers should work with great sincerity and capacity, so that can get success in this life and in the life hereafter. So it is obligatory for the Muslims to get knowledge and perfection in worship and all other duties and works of life with the view that Allah is continuously watching over all their works. Hazrat Muhammad (P.B.U.H) said; *“Verily God has enjoined goodness to everything; so when you kill, kill in a good way and when you slaughter, slaughter in a good way. So every one of you should sharpen his knife, and let the slaughtered animal die comfortably”* [Sahih Muslim: Ch. 11. 21:4810]. In light of Islamic commands, an Islamic worker should do right and correct things in the good way. This is all about training and development in Islam.

2.1.5 Compensation

Compensation is given to employees to recognize their performance value and to motivate them because motivated employees work with efficiency. Islam stresses that there should be reasonable and adequate wages and salaries offered to employees, while giving wages to employees the quantity and quality of work, the requirements and needs, and economic position of economy should be kept in view. Islam emphasizes in giving full and complete compensation to deserving employees and workers without any deduction for their work (Ali, 2005; Ahmad, 1995). Hazrat Muhammad (P.B.U.H) said, Abu Huraira narrated; *“God says that I will act as a plaintiff, on the Day of Judgment against the person who engages some worker on work and takes full work from him but does not give him [complete] wages”* (Sahih Bukhari, 3:34:430). Islam condemns slavery and give dignity to worker's employment and dignity. *“Nobody has ever eaten a better meal than that which one has earned by working with one's own hand”* (Sahih Bukhari, 3:34:286).

Ali (2005) stated that in recent years Western methods and approaches of compensations has been adopted in Muslims countries. These methods are far away from the approaches adopted in early stages and years of Muslims states. Ali (2005) stated that compensation was given on the basis of five foundations in the starting age of Muslims States. First, it is obligatory for the employer and employee to meet conditions which are stated in the contract of employment. Quran instructs both the employer and employee to fulfill the conditions of contract and don't try to do tasks which are outside the range of the contract. As Quran reveals; *“Nor withhold from the people the things that are their due”* (7:85). Second, compensation is given on the basis of expertise of workers. Ahmad (1995) commented that Quran recognizes numerous gradations

on quantity and quality basis among workers (Quran 46:19). Some employees have to get some special skills to accomplish their work but some employees work with manual methods (Ahmad, 1995). So the compensation of employees may vary. It proves that all employees can't get equal compensations. The Quran elaborates; *"And to all are ranked according to their deeds"* (46:19). Third, compensation should be determined before the work start and it must be paid to employees immediately after their completion of work. Hazrat Muhammad (P.B.U.H) said; *"Whoever believes in God and the Day of Judgment, should not employ a worker, until he or she knows what he or she is going to receive"*

Fourth, compensation should be in cash or in kind. Fifth, compensations and wages should be on the agreement basis and increased afterwards according to conditions and situations. Ahmad (1995) highlighted that the misuse of employer's property and belongings by employees is strictly prohibited in Islam because employee get specified wages after the result of an agreement with the employer. The employees should take a lot of care of employer property and belongings because he entrusted all these to his employees (Ahmad, 1995). Compensations, salaries and wages should be enough to fulfill the needs of an employee because Ali, (2005) proclaimed that if less wages are given to employees, they don't put adequate efforts. In opposite, Ahmad (1995) asserted that just and fair wages should be given to employees for their work. In Islam, it is instructed that wages and compensation must be established on mutual consent and consultation basis (Quran 28:26-28). The Quran and Hazrat Muhammad's (P.B.U.H) sayings are the basis for Islamic human resource management (IHRM) practices. Under the light of these, it is cleared that if the Muslims employees don't fulfill and perform duties under these instructions, they will be considered sinful. The employees and managers are accountable, answerable and responsible both to their organizations and, at last, to Allah Almighty.

2.2 Linking IHRM with Employee Engagement and Employee Outcomes

The academic literature has presented many definitions of employee engagement. Firstly, Kahn (1990) used the concept of employee engagement and defined as "the harnessing of organization members' selves to their work roles; in engagement, people employ and express themselves physically, cognitively, and emotionally during role performances". Thus, employee engagement is psychological presence of employees while performing any role in organization (Saks, 2006). Employee engagement is considered an imperative topic in research (Simpson, 2009). Several researchers have attempted to investigate the relationship between employee engagement and different organizational and individual outcomes, such as financial performance (Simpson, 2009; Saks, 2006), turnover intentions (Saks, 2006), organizational commitment (Saks, 2006), organizational citizenship behaviors (Saks, 2006). Similarly, previous research suggested many antecedents of employee engagement, including organizational justice (He et al., 2013; Alvi&Abbasi, 2012; Karatepe, 2011), leadership (Xu& Thomas, 2011; Strom et al., 2014; HoonSong et al., 2012; Burch & Guarana, 2015) and HRM (Bal et al., 2013; Alfes et al., 2013; Bal & De Lange, 2014).

These all predictors of employee engagement are overlooked and well researched. However, there is very limited body of knowledge available to explore

the relationship between Islamic perspective of HRM and employee engagement. Most of literature investigated the HRM-employee outcomes relationship in the western context. Few studies have reported the relationship of Islamic perspective of HRM with employee outcomes (Mari et al., 2012). Now, many Muslims scholars are paying attention to explore the association of Islamic perspectives of HRM with employees' attitudes and behaviors. Muslims scholars have proposed that application of Islamic guidelines and principles enhance employees' creativity, commitment, satisfaction and engagement (Altalib, 1991; Hashim, 2010; Hashim, 2008; Mari et al., 2012) and reduce turnover intentions of employees (Hashim, 2008).

Many problems and issues in organization have their roots in religion (Ali & Weir, 2005; Tayeb, 1997). Generally, religions are considered as particular system of worships, conducts and beliefs but Islam, a complete code of life, indicates a religion which provides a way of life to produce a unique personality, distinct culture of society and social order (Grais & Iqbal, 2004). The impact of Islamic HRM practices on employees and organizational outcomes such as job satisfaction, turnover intentions and organizational commitment encompasses development of an employee's attitudes and abilities that contribute towards interests of organization (Guest, 1987, 1989; Storey & Economic et al. 1992; Kinicki & Carson et al., 1992). Further, Islam focuses on practical aspects of life, while emphasizing the spiritual and humanistic needs. Although, Islamic HRM practices look alike to Western HRM practices, but, there is an imperative difference exists. In Islamic HRM, all guidelines, requirements and principles are based on Quran and sayings of Hazrat Muhammad (P.B.U.H). Thus, there is very small number of studies found the relationship between Islamic HRM practices and employee outcomes.

3.2 Conceptual Framework

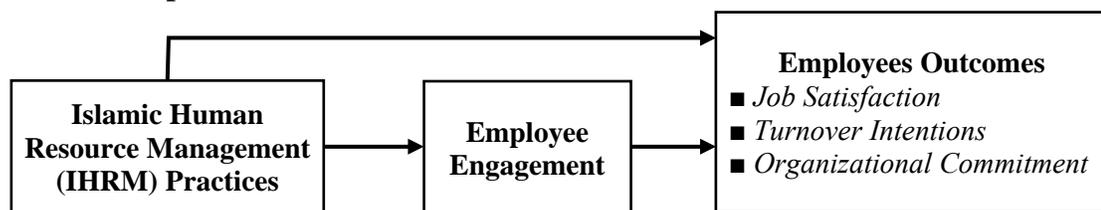


Figure 3.2 Research Model

Hypotheses

In light of above literature and arguments, we can generate following hypotheses;

- H_1 : There is positive relationship between IHRM practices and employee engagement
- H_{2a} : There is positive relationship between employee engagement and job satisfaction
- H_{2b} : There is positive relationship between employee engagement and organizational commitment
- H_{2c} : There is negative relationship between employee engagement and turnover intentions
- H_{3a} : There is positive relationship between IHRM practices and job satisfaction
- H_{3b} : There is positive relationship between IHRM practices and organizational commitment
- H_{3c} : There is negative relationship between IHRM practices and turnover intentions
- H_4 : Employee engagement will mediate the relationship between IHRM practices and employees outcomes.

3. Material and Methods

3.1 Research Instruments

The research instrument encompassed two sections. In this first section, personal profile of respondents was included like age, education, gender, nature of employee and length of service of respondents; these all items were measured on nominal scale. The second section of instrument was included questions about variables. The scales used in section of this instruments were measured by using 5 point Likert scale and ranged from 1 (strongly agree) to 5 (strongly disagree). To insure the validity, the reverse questions were also included.

- **Islamic HRM:** We adopted the scale of Hashim(2010) to measure Islamic HRM and this scale consists of thirty six (36) items. The sample items are included, “My organization uses Islamic factor in the criteria” and “My organization ensures the manager who is in charge of recruitment is a good Muslim, pious and just”
- **Employee Engagement:** To measure the employee engagement, the 11-item scale of Saks (2006) was adopted. The sample items include, “This job is all consuming; I am totally into it” and “Being a member of this organization is very captivating.”
- **Job Satisfaction:** Job satisfaction was measured by adopting the 3-item scale of Cammann et al. (1983). The sample item includes, “My job is very enjoyable”.
- **Turnover Intentions:** We used 3-item scale of Colarelli (1984) to measure the turnover intentions. The sample item includes, “I frequently think of quitting my job”.
- **Organizational Commitment:** The scale of Rhoades (2001) was used to measure organizational commitment. The sample item includes, “I feel attached to my organization”.

3.2 Sample and Data Collection

This study is empirical and established on primary data. To explore the effect of Islamic HRM on employee outcomes under mediation by employee engagement the survey method was used. The questionnaire method was adopted to use primary data from the employees of banks in Pakistan. The data were collected from nine banks in Pakistan which are providing purely Islamic services or offering Islamic services through Islamic window. These banks were chosen because these banks own by the Muslims or they have majority shares. Further, these banks are offering and dealing Islamic services and products in Pakistan. These banks are well known as Islamic organizations among the Pakistanis. The permission was obtained from the manager to collect the data from each branch. The total 200 questionnaires were distributed among the Muslims employees in the branches of these nine banks, the respondents vary in positions and purposively selected. The 180 questionnaires were received back from respondents and 170 useable questionnaires were adopted for analyses.

3.3 Demographics

200 questionnaires distributed among the employees of Islamic banks of Pakistan. Only 170 questionnaires were correctly answered. Female and male employees were filled 65 and 105 questionnaires whose percentage is 38.2% and 61.8% respectively. In terms of age group of employee, it is noted that 14.7% of them are up to 25 years,

whereas 70.6% fall into 25-45 age group and 14.7% are above this age group. Moreover, as for educational level of these respondents is concerned, the 11.2%, 88.8% and 0% belonged to bachelor, master and PhD respectively. Additionally, 12.9% respondents had length of service up to 1 year, 67.1% respondents had between 2-5 years, 20% and 0% respondents had between 6-10 years and 10+ years respectively.

4. Results

To analyze the influence of Islamic HRM practices on employee outcomes under mediation of employee engagement, we used the multiple regression analysis and to find the link between variables the Pearson correlation was used. To check the respondents' inclination, the mean and standard deviation were calculated in descriptive statistics.

Table I: Descriptive Statistics

	Islamic HRM	Employee Engagement	Job Satisfaction	Turnover Intentions	Organizational Commitment
Mean	1.79	1.80	1.89	1.77	1.69
Std. Deviation	0.22	0.35	0.83	0.66	0.57

Table I shows that the descriptive statistics in form of mean and standard deviation for the respondents. The mean value of Islamic HRM is found to be 1.79 that is near to 2 which indicates positive response of respondents on 5 point likert scale and these responses deviate 0.22 from average responses of respondents. The mean value of employee engagement is 1.80 which is near to 2, it reveals that most of the respondents are engage in their jobs and these responses are deviated .35 from average responses. The mean value of job satisfaction is 1.89 which is also near to 2, it also shows that most of the respondents are satisfied with their jobs and the responses are deviated .83 from average. The mean value of turnover intention is 1.77 which is near to 2 and indicates that majority of the people want to leave their job. The responses of respondents can deviate .66 from average responses of respondents. The mean value of organizational commitment 1.69 that is close to 2 and exposes most of the respondents are commitment with their work.

Table II: Correlations Matrix of All Variables (N=170)

Particulars		I	II	III	IV	V
I	Islamic HRM	1				
II	Employee Engagement	0.16*	1			
III	Job Satisfaction	0.33**	0.10*	1		
IV	Turnover Intentions	0.34**	0.34**	0.23**	1	
V	Organizational Commitment	0.28**	0.10*	0.49**	-0.01	1
* p < .05, ** p < .01						

Table II shows the inter-scale correlation matrix. The table 1.2 is showing that Islamic HRM has significant positive correlation with employee engagement ($r=.16$, $p<.05$), job satisfaction ($r=.33$, $p<.01$), turnover intentions ($r=.34$, $p<.01$), and organizational commitment ($r=.28$, $p<.01$). Similarly, the correlation matrix discloses that employee engagement has significant positive correlation with job satisfaction ($r=.10$, $p<.05$), turnover

intentions ($r=.34$, $p<.01$) and organizational commitment ($r=.10$, $p<.05$). Table shows that Islamic HRM is positively correlated with all dependent variables.

4.1 Multiple Regression Analysis

Table III: Path Analysis

Paths	Coefficients	Se	t	p-value
Islamic HRM to Employee Engagement (a paths)	0.2458	0.1205	2.0395	0.0430
Direct Effects of Employee Engagement on Job Satisfaction (b paths)	0.1268	0.1733	0.7320	0.0123
Total Effect of Islamic HRM on Job Satisfaction (c path)	1.2051	0.2703	4.4578	.0000
Direct Effect of Islamic HRM on Job Satisfaction (c' path)	1.1739	0.2740	4.2837	.0000

Table IV: Model Summary

R-Sq	Adj R-Sq	F	df1	df2	P-Value
0.5086	0.4880	10.1764	2.0000	167.0000	0.0001

Table IV shows that overall model is significance. Adjusted R-squire portrays that 48% of the variability in job satisfaction is explicated by the Islamic HRM and overall model is significant at ($p<.05$).

Table V: Path Analysis

Paths	Coefficients	Se	t	p-value
Islamic HRM to Employee Engagement (a paths)	0.2458	0.1205	2.0395	0.0430
Direct Effects of Employee Engagement on Turnover Intentions (b paths)	0.5559	0.1307	4.2540	.0000
Total Effect of IHRM on Turnover Intentions (c path)	0.9947	0.2143	4.6421	.0000
Direct Effect of IHRM on Turnover Intentions (c' path)	0.8581	0.2067	4.1521	0.0001

Table V shows that all paths (a, b, c, & c') fulfill the conditions for partial mediation that indicates that all the paths are significant as reported by Baron and Kenny (1986). This table 1.5 is showing that employee engagement mediated the relationship between IHRM and turnover intentions. The findings indicate that employee engagement significantly and partially mediates the relationship between Islamic HRM and turnover intentions. This shows that if employees are engaged in their jobs and organizations, they will be less ready to leave their organizations.

Table VI: Model Summary

R-Sq	Adj R-Sq	F	df1	df2	P-Value
0.4003	0.3808	20.9195	2.0000	167.0000	.0000

Table VI shows that overall model is significance. Adjusted R-squire portrays that 38% of the variability in turnover intentions is explicated by the Islamic HRM and overall model is significant at ($p < .05$).

Table VII: Path Analysis

Paths	Coefficients	Se	t	p-value
IHRM to Employee Engagement (a paths)	0.2458	0.1205	2.0395	0.0430
Direct Effects of Employee Engagement on Commitment (b paths)	0.1001	0.1215	0.8237	0.0006
Total Effect of IHRM on Commitment (c path)	0.7097	0.1897	3.7418	0.0003
Direct Effect of IHRM on Commitment (c' path)	0.6851	0.1922	3.5647	0.0005

Table VII shows that all paths (a, b, c, & c') fulfill the conditions for partial mediation that indicates that all the paths are significant as reported by Baron & Kenny (1986). The table 1.7 is showing that employee engagement mediated the relationship between IHRM and commitment. The results reveal that employee engagement significantly and partially mediates the relationship between Islamic HRM and organizational commitment. This shows that if employees are engaged in their jobs and organizations, they will be more committed with their organizations.

Table VIII: Model Summary

R-Sq	Adj R-Sq	F	df1	df2	P-Value
0.3807	0.3797	7.3263	2.0000	167.0000	0.0009

Table VIII shows that overall model is significance. Adjusted R-squire portrays that 37% of the variability in organizational commitment is explicated by the Islamic HRM.

At the end, it is concluded that Islamic HRM has strong positive impact of job satisfaction and organizational commitment and negative influence on turnover intentions. The findings reveal that employee engagement is mediated the relationship between Islamic HRM and employee outcomes. Thus, all other hypotheses are supported in the light of analyses presented above.

5. Discussion, Implications, Limitations And Future Directions

The current study indicates the practices of Islamic approach in HRM by banks in Pakistan and it also explores the effect of Islamic HRM on employee outcomes by considering the mediating role of employee engagement. The results of this study indicated that different

banks in Pakistan habitually consider the Islamic approach while performing HRM practices at their workplace during the recruitment, selection, performance, training and compensation. These banks are expected to use Islamic approach in HRM because these are managed and owned by the Muslims. The majority of employees working in these banks are Muslims and these organizations are dealing with Islamic services and products. It is indicated in this study that Islamic HRM is significantly and highly correlated with employee outcomes like job satisfaction, turnover intentions and organizational commitment. It is also revealed that employee engagement mediated the relationship Islamic HRM and employee outcomes. These results are consistent with previous studies (Edgar & Geare, 2004; Lok & Crawford, 2001; Bhatnagar, 2007; Joiner & Bakalis, 2006; Hashim, 2010; Yousef, 2000, 2001), where in these studies it is indicated that Islamic work ethics are significantly correlated with job satisfaction and organizational commitment.

The findings have imperative implications to human resource (HR) managers. Islamic HRM practices influence employees' perception about job satisfaction, organizational commitment and turnover intentions. Particularly, great deal of attention should be provided to performance appraisal, selection and compensation because these function of HRM have great effect on employee outcomes. Islamic HRM practices are another way of managing employees effectively and efficiently. The Muslim HR managers should know and apply Islamic HRM practices while managing people under their supervision. The knowledge of Islamic HRM practices is also useful and beneficial for non-Muslim HR managers. In order to enhance job satisfaction and organizational commitment and reduce turnover intentions, it is an imperative tool to use Islamic approach in managing the employees in an organization. Employee engagement also plays vital role in this regard. The study has limitations like other empirical studies. First, the sample size is insufficient which curbs the generalization of the results. The current study included nine Islamic banks of Pakistan as its sample. There are other banks which are owned and managed by the Muslims and other organizations can be taken in sample.

Future studies can include a larger sample to make results more generalized. Second, it is cross sectional study. Thus, it will be interesting to explore relationship among these constructs by using longitudinal approach. It will also be curious to examine the influence of Islamic HRM practices on different other employee and organizational outcomes like organizational justice, organizational trust, employee motivation and organizational citizenship behavior because Islamic HRM practices effect these variables to enhance the performance of both the employees and organization. The study has considered the mediating role of employee engagement; other variables can also be taken as mediator among these variables like perceived organizational support and perceived supervisor support.

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