

IMPROVING COMPETITIVENESS OF ISLAMIC BANKING HUMAN RESOURCES THROUGH IMPLEMENTATION OF QURAN-BASED HRM PRACTICES

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ABSTRACT

The essential practice in enhancing of Islamic Banking competitiveness is the implementation of Quran-based human resource management. The purpose of this study is to describe the application of the Quran-based human resource management in Islamic banking, as well as make empirical examination in order to increase employee job satisfaction through organizational justice as intervening variable. It sample were employees of Islamic banking in the city of Malang. Based on the research results indicate that Quran-based human resource management practices don't increase job satisfaction directly, but increase job satisfaction through the variable of organizational justice. Managerial implications of this research are the role of organizational justice principles in human resource management practices to increase employee job satisfaction. Islamic banking manager should provide sufficient procedural, distributive and interactional justice to improve the impact Quran-based human resource management to job satisfaction.

Key words: *Quran-based HRM, Job Satisfaction, Organizational Justice*

Background

Implementation of Human Resource Management (HRM) is an important factor for success of any organization. Qualified human resources, enthusiastic and job satisfaction employees, as well as experiences affect productivity, customer service, reputation, and survival organization (Hashim, 2007). The issues of human resources implementation in organizations are based on religious basis (Ali and Al-Kazemi, 2007). All religions call for fairness in the treatment of employees. It is a universal value. Ten Commandments in Christianity for example, urged the management to treat employees equally and rewarding appropriate. Similarly, Islam encourages all Muslims to promote the justice practice in every sphere of life. Quran often refers to honesty and fairness in trade, and repeatedly called for fair distribution of wealth in society. Justice is an important element in the value of Islam and must be applied in every life aspect as stated in the Quran (4:135):

Meaning: "O you who have believed, be persistently standing firm in justice, witnesses for Allah, even if it be against yourselves or parents and relatives. Whether one is rich or poor, Allah is more worthy of both. So follow not [personal] inclination, lest you not be just. And if you distort [your testimony] or refuse [to give it], then indeed Allah is ever, with what you do, Acquainted "(Qur'an 4:135).

Several previous studies have examined the role of religion in employee behavior change and implications of the Ten Commandments of Christianity, Judaism and Islamic human resources strategy (Ali, Gibbs, and Camp, 2000). Some studies also indicate that there is a close relationship between Islamic work ethic with organizational commitment, job satisfaction, and loyalty (yousef, 2007). However, these studies have not addressed important issues related to organizational justice. Organization justice has demonstrated a significant relationship with organizational commitment, satisfaction, and *turnover* employee (Hassan, 2005). Organizational justice is an important issue related to human resources. Therefore, this study designed to investigate the effect of Quran-based human resource management practice on organizational justice and job satisfaction.

This study is potentially useful to increase knowledge about the contribution of Islam in organizational behavior management. This will be an important reference source for those who learn Islam and management for those who will conduct further research in this field. This study will provide valuable insights for practitioners of non-Muslims and Muslims who manages an Islamic banking and Islam or Muslim workers in order to make better decisions and improve the perceived fairness among employees within an organization. Furthermore, Islamic banking has professional and competent human resources to enhance the competitiveness through human resource management practices based on the Quran.

Islamic banking is a banking service which is used to drive national development by the government. As an intermediary institution, the Islamic banking deposits absorb that used to drive the real sector. Based on the Bank Indonesia Regulation number 23/PBI/1992, banks can accommodate dual banking system, confirming the existence of Islamic banking in Indonesia. The continued development of Islamic banking in Indonesia is a success contribution to capture market opportunities the desire of Islamic bank customers. Based on Central Bureau of Statistics data (BPS) Indonesian population are 220 Million. While the Muslim population of $\pm 87.2\%$ and 10% of the population that is Muslim is a potential market share. Otherwise, the number of potential customer is 8.7 million. While the Muslim population of $\pm 87.2\%$ and 10% of the population that is Muslim is a potential market. Otherwise, the number of potential customer is 8.7 million.

We can see that the contribution and development of Islamic banking is very impressive in Indonesia. Bank Indonesia issued a report that the development of office network Islamic banking showed an increasing trend since 2005. Islamic banks offices as much as 934 per March 2010, a sharp increase compared to 2005 which only has 304 offices. Based on data from the Islamic banking office network, each year the average number of Islamic Banks offices grew by 35 It is also common in Islamic Business Unit (UUS) increased 20% per annum and Islamic Rural Bank (BPRS) increased by 35% per year.

The development of Islamic banking can be seen from the development of depositors fund, which successfully collected Islamic Banks and Islamic Business Unit at 52 in billion IDR, a sharp increase compared to 2005 is only able to absorb deposits amounting to 15 in billion trillion. While depositors fund collected by Islamic rural bank are 1.3 billion IDR, a sharp increase compared to 2005 which succeeded in collecting deposits 334 billion IDR. It shows that the average third-party development fund that is able to gather by the Islamic Banks and Islamic Business Unit by 38% per year, while the BPRS by 49% per year.

The development of Islamic banking has the consequence of an increase in the labor market needs. Based on data from Bank Indonesia (BI) the amount of labor that goes in the Islamic banking sector continued to increase. In 2005, workers absorbed as many as 5,996 people. Since 2005, respectively 2006, 2007, 2008, 2009, and by March 2010 total employment in these sectors respectively; 7,376 people, 8,685 people, 11,752 people, 15,443 people. Data as of March 2010, total employment Islamic banking sector some 16,335 people. Based on these data, the average growth of labor demand in this sector rose by 20% per year (syariah banking statistic, 2010).

However, increasing the quantity of workers in the Islamic banking sector is not followed by an increase in quality. At least, it can be viewed and compared between the qualities of human resources (HR) Islamic bank in Indonesia by Islamic banks in Malaysia. Ascarya and Yusmanita in a study "*Comparing the efficiency of Islamic banks in Malaysia and Indonesia*", suggests that one important factor that led to inefficiencies in Indonesia Islamic banking is the low quality of human resources (Ascarya and Yusmanita, 2008). Based on these results, the quality of human resources of Islamic banking needs to be optimized. Therefore, this research aims to confirm the role of human resource management implementation based on Quran in Islamic banking in order to improve quality of human resources. In more detail the research objectives include: 1) Detecting Quran-based human resource management practices in Islamic banking, 2) analyze the implementation of Quran-based human resource management practices in order to improve employee job satisfaction through organizational justice variable in order to improve the competitiveness of Islamic banking in the city of Malang.

Theoretical Overview

Quranic guidelines on human resource management

The managers and practitioners recognize the importance of organizational justice. Therefore, the human resource management practices encourage the creation of a sense of justice within the organization. Based on the perspective of Islam, Quran reminds honesty and fairness in trade, and called for fair and equitable distribution of wealth within the community (Ali et al., 2007). Islamic Management places great emphasis on principle of justice. Requirements stated in the Quran (4: 58) as follows:

It means: "Indeed, Allah commands you to render trusts to whom they are due and when you judge between people to judge with justice. Excellent is that which Allah instructs you. Indeed, Allah is ever Hearing and Seeing." (Qur'an 4:58)

Justice is a common problem in all of human resource management practices. For example in the recruitment and selection of employees, favoritism and nepotism always affect the hiring decision. Ali (2005) had appointed that selection is one of the most complicated tasks in the organization. This is due to the fact that when there are many candidates applying for jobs, employers have plenty of potential candidates to choose. In order to ensure the recruitment fair treatment given to all applicants, Islam requires the person responsible for recruitment to be righteous and just. Ahmad explained that a manager is required to perform the prayer, fasting, zakat and other pillars of Islam to achieve the best level of piety (Ahmad, 1995). According to Ahmad, Al-Qur'an standards qualified for the job and the competencies required for it. This emphasizes the importance of competence and honesty, because without this prerequisite could not be efficient. Qur'an states in (28: 26) as follows:

It means: "One of the women said, "O my father, hire him. Indeed, the best one you can hire is the strong and the trustworthy."(Qs. 28:26)

In Islam, the selection of employees must adhere to certain principles (Hashim, 2008). The first principle is Justice. According to Syed Agil (1997), Ali bin Abi Talib wrote: do not nominate them (officers) are based on favoritism or egoism, both of these attributes reflect injustice and treachery. Second, an employee is selected based on competence. The Individual is not to be appointed based on kinship or blood ties, friendship, wealth, age, race, and political power or the like. Third principle is honest, both applicants and recruiters have to be honest. Fourth, Islam prohibits the assignment of work that exceeds the capacity of individuals. For example, the Quran says (2:233): "No person is charged with more than his capacity." This is because individuals may not be able to perform assigned work because of the deficiency. Employers are required to inform the truth about the jobs offered to applicants, including job requirements, criteria of the job holder, and the compensation to be paid. This is important information to be provided to applicants so they can evaluate and adjust the work, whether compliance with the competencies, skills, interests, and awards.

Performance appraisal is a formal system of work in setting standards, assessing performance and providing feedback to employees for the purpose of motivation, correction, and the continuation of their performance (Dessler, 2008). Information obtained from the performance appraisal is used as the basis for pay and promotion decisions. In Islam, there are rewards and punishments in this worldly life and the hereafter. Good news and warnings from God to mankind be sent by the sources of divine revelation and His Prophet, Quran states (18:87-88), as follows:

It means: "Say Dzulkarnain:" 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 But as for one who believes and does righteousness, he will have a reward of Paradise, and we will speak to him from our command with ease. "(Quran 18: 87-88)

Performance assessment is another HRM practice subject to justice. Assessors will bias is well documented. There are nearly a dozen known phenomenon proves that supervisors assess employees likely to be inaccurate due to a subconscious tendency. According to Ali (2005), the manager is currently difficult to assess employees effectively. This is caused by religious considerations, personal relationships and bureaucratic tendencies. Thus, Muslim managers should be aware that measuring performance in Islam must take into account the concept of accountability and responsibility. Given the responsibility to assess the employee, the manager must be equitable (*fair*) and care for their employees.

Training is the process of developing quality human resources that enable them to become more productive and contribute more to the achievement of organizational goals. According to the Qur'an, man's basic qualification for being representative of God (*Khalifatullah*) on earth is to possess knowledge. Allah Almighty says, (2:30-33): "When the angel question of Adam to the suitability of representatives, citing God's knowledge of Adam to convince them." Two important points can be drawn from the verses of the Qur'an. First, Adam's descendants are entitled to a position as vicegerent of Allah on earth on the basis of knowledge. Second, they are among the children of Adam who are more deserving of vicegerents are those pre-eminent in knowledge. Men of Knowledge surpass others, and limit the reception of admonition to those endowed with knowledge and understanding in ranks in the presence of their Lord, and are more preferable than others. Allah Almighty says (58:11): "Are those who know equal with those who do not know?" But only they who are endowed with understanding keep this in mind. "Shaddid b. Aus said:" Two are the things I remember the Prophet Muhammad (peace be upon him) has said: Verily Allah 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. God said to the mastery of the job. Thus, it is an obligation for Muslims to seek knowledge with diligence and excellence in performance gain. Muslims urged to seek knowledge from cradle to grave. The concept is to create a state of continuous knowledge. Seeking knowledge is an obligation on individuals and employers. It is mandatory for Muslim employees seek to serve his master well. Otherwise, employers are responsible for providing employees the opportunity to enhance their competence. Employers make a decisions about who should attend training organized by the employer is always subject to the employer. Superiors review the relevant information about employee performance and recommend potential employees for training. Of course, some employees are more fortunate than others.

Distributive justice and procedural justice are generally associated with employee compensation. Purpose of any compensation, either directly or indirectly, is to recognize the value of employee performance and to determine how to motivate them to work with full efficiency in the business environment is always changing. In the early years in Muslim countries, compensation is based upon the Five Principles (Ali et al., 2007). First, the job is a contract, so the fulfillment of the contract is an obligation for employers and employees to meet. The Qur'an not only commanded the believers to fulfill the agreement, but also to avoid any attempt evade agreement (7:85), "Do not withhold from people the things that have matured." Secondly, Islam emphasizes that workers should be given adequate and fair wages for their work, keeping in view the quality and quantity of work, their needs and requirements, as well as overall economic conditions. Ahmad (1995) said that the Qur'an recognizes the various gradations in between working on the basis of quality and quantity of their work (46:19). Al-Mubarak explained that some workers have special skills, while others can do the job manually. This provides ample evidence that the wages for all workers should not be the same in all cases (1972). *Quran* says (46:19) "And for all stratified according to their deeds." Third, the compensation shall be determined in advance and wages should be paid promptly after work is completed. The Prophet (SAW) said: "Whoever believes in Allah and the Day of Judgment, may not employ a worker, arrived at know what he would receive. Fourth, the compensation can be either monetary or non-monetary. Fifth, wage and compensation is based on deal previously and should be increased according to circumstances. Ahmad added that Islam prohibits abuse by the employee's employer, who is entitled to a mutually agreed upon wages alone (Ahmad, 1995). The Allocation anything outside the terms of wages is one act of dishonesty or stealing both expressly prohibited. In addition, wages and compensation must be sufficient to provide a decent life. Beekun (1991) stated that if wages are too low, individuals may not feel motivated enough to attempt, Ahmad while on the other hand, states that a worker is entitled to a fair wage for his work (Ahmad, 1995).

Quran instructs that wages should be determined by consultation and mutual agreement (Qur'an 28:26-28). Islam strictly prohibits coercion and forced labor. As narrated by Abu Hurayrah, the Prophet (SAW) has said: "The Lord told me that I would act as a plaintiff, in the judgment against those who engage workers on the job and takes full work from him, but did not give him the wages of (full)." At the same time, Islam denounced slavery and give proper recognition to the dignity of workers and jobs. As narrated by Al-Miqdam, the Prophet (SAW) has said, "Nobody ever ate better food than what has been gained through working with his own hands."

Job satisfaction

Job satisfaction is the result of the employee's perception of how well a person's job to give them an important thing through his work (Luthans, 2002: 230). Job satisfaction reflects a person's feelings toward his work. This is evident from the positive attitude of employees towards work and everything encountered in the work environment. Job satisfaction is the final destination and where the work or an organization's managerial policies are designed, they do so that employees get the maximum satisfaction of their own needs. Each organization should monitor job satisfaction, because it will affect the level of absenteeism, labor turnover, morale, grievances and other issues vital organization.

Organizational justice

Hoy & Tarter (2004) stated that organizational justice is not new in administration literature. Greenberg and Baron (2003) define justice as the organization's perception of fairness in the organization, comprised of the perception of how decisions are made, the division of outcomes and the perceived justice on those results. According to Greenberg and Baron, there are three main approaches justice organizations; 1) distributive justice, which focuses on how resources are distributed organization, 2) procedural justice, which focuses on the process used to make resource allocation decisions, and 3) interactional justice, justice focuses on interpersonal communication related to organizational procedures. Greenberg and Baron outlining further research has revealed that some action by the organization to make fair decisions, among which are: to say how decisions are made, providing an opportunity to correct mistakes, apply the rules and policies consistently, and make decisions fair.

For comparison, Ali *et al.*, (2007) in his research has identified some of the implications of Islam for ten orders of human resource management. Most states the implications of the elements of justice and fair manner. For example, Ali *et al.*, Said that in hiring, the priority should be on individual qualifications, employers have voiced disagreement with the polite, layoffs and downsizing of employees should be a last resort to maintain the viability of the business, management must establish a process for dealing with employee complaints, performance should be the main criteria for evaluation and management should avoid favoritism and nepotism (Hashim, 2008).

Research Methods

Number of samples in this study consisted of employees of the Islamic banking as much as 52 people. The number of respondents was representative of the population of Islamic banking employees in Malang City. Islamic banking is the object of this study is the category of Islamic commercial banks and Islamic business unit. Collecting data used questionnaires and interview with employees and human resource department of Islamic banking in Malang city.

The size of the data scale using 1-5 Likert scale. The grade 1 represents the opinion strongly disagree (STS) to reflect the opinion of the value of 5 is strongly agree (SS). Instrument of research used existing instrument developed by previous studies that have been modified by researcher.

- Quran-Based Human Resources Management Practices Instrument used the instrument developed by Hashim (2008).
- Job Satisfaction instrument used the job diagnostic survey instrument developed by Hackman and Oldham (1975).
- Organizational Justice Instruments used instrument developed by Price and Mueller (1986) on distributive justice, Niehoff and Moorman (1993) on indicators of procedural and interactional justice.

Results

Instruments validity and reliability

The results of the research instrument testing of Quran-based human resource practices include the activities of recruitment, selection, performance appraisal, training and development and compensation program can be presented as the following table. In table 1 shows that all items have a very high correlation value that is expressed as an instrument is valid. All research instruments have values of probabilities less than 1%. Test to test the consistency of equipment reliability/research instruments used. Based on the analysis of reliability, *Quran*-based human resource management practices show that the *cronbach's alpha* values of 14 question items showed a value of 0.934. The instrument has good levels of reliability if the value of *cronbach's alpha* ranged from 0.8 to 1. While *cronbach's alpha* values of each indicator Quran-based human resource management denote that the interval was range 0.6 to 0.9, it means that the instrument used in this study is worthy of further analysis. Thus to questions used in this study are reliable and can be used as a measurement of variables in this study. Instruments job satisfaction and organizational justice also has a level of validity and reliability high. Thus, all the research instruments used in this study are worthy, it means that all instrument valid and reliable.

Table 1. Test results of the research instrument

Variables	Reliability Test	
	Values of Cronbach's Alpha	Evidence
<i>Quran-based</i> human resource management practice	0.934	Reliable
- Recruitment	0.860	Reliable
- Selection	0.838	Reliable
- Performance assessment	0.770	Reliable
- Training and Development	0.746	Reliable
- compensation	0.618	Reliable
Job satisfaction	0.790	Reliable
Justice organizations	0.903	Reliable

Item	Test the validity	
	Pearson correlation	Sig.
Quran-based HRM		
Recruitment1	0.706	**
Recruitment2	0.831	**
Recruitment3	0.838	**
Selection1	0.822	**
Selection2	0.725	**
Selection3	0.764	**
Performance1	0.685	**
Performance2	0.792	**
Performance3	0.722	**
Performance4	0.665	**
Training1	0.755	**
Training2	0.784	**
Compentation1	0.685	**
Compentation2	0.637	**
Job satisfaction		
Jobsatisfaction1	0.894	**
Jobsatisfactio2	0.929	**
Organizational justice		
Distributivejustice1	0.963	**
Distributivejustice2	0.972	**
Proceduraljustice1	0.961	**
Proceduraljustice2	0.956	**
Interactionaljustice1	0.931	**
Interactionaljustice2	0.951	**

** Correlation is significant at the 0:01 level (2-tailed)

*. Correlation is significant at the 0.05 level (2-tailed).

Sources: Primary Data Processed, 2013

Respondent perceptions on the implementation of the Quran-based human resource management

Humana resource management practices include the activities of human being in the form of recruitment, selection, performance appraisal, training and development and compensation program. Generally, Quran-based human resource management practices were applied by properly. Those are denoted positive responses from employees. More than 70% of responses stated that Quran-based human resource management practices that includes recruitment, selection, appraisal, training and development, and compensation properly applied by Islamic banks in the city of Malang.

Table 2 shows employee perception of Islamic banking Malang. As much as 82.7% of respondents stated that Quran-based human resource management practices have been implemented well. Compensation program has the highest feedback rating, 94.3% respondents. This suggests that the compensation program is administered properly implemented in Islamic banking. Based on the results, compensation program have been properly implemented by Islamic banking in the city of Malang. Response which states that valuation practices applied to either work as much as 82.7%.

Table 2. Perception of respondents

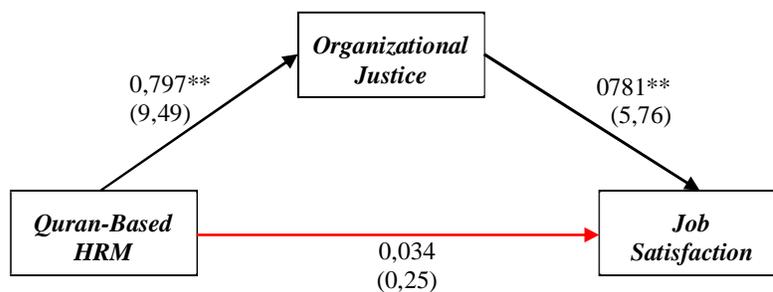
Variables	The number of responses to respond (%)	
	Good practice is applied with	Practices are not implemented well
Human Resource Management Practices Based on Entire Quran	82.7%	17.3%
- Recruitment practices	80.6%	19.4%
- Selection Practices	75.0%	25.0%
- Practice Assessment	82.7%	17.3%
Work		
- Training and Development Practices	80.7%	19.3%
- The practice of granting compensation	94.3%	5.7%

Sources: Primary Data Processed, 2013

Path analysis

Data analysis was executed by AMOS 6.0 software. Path analysis was used to detect the impact of Quran-based human resource management practices based on the rise of organizational justice. Quran-based human resource management practices include the activities of recruitment, selection, performance appraisal, training and development and compensation program. The role of Quran-based human resource management practices adequate to increase organizational justice. It's indicated by the standardized coefficient value 0.8 at a significance level of 0.000. Positive values on the standard coefficient values indicate the positive correlation. It means that an increase of Quran-based human resource management practices will be able to improve fairness in the organization or organizational justice. Path analysis results indicate that Quran-based human resource management practices can't increase employee job satisfaction directly. The effect of Quran-based human resource management practices on job satisfaction pointed by standardized value of variable coefficient at 0.034 with critical value ratio or probability at 0.797. Critical ration probability value is greater than 5%. Therefore, Quran-based human resource management practices can't increase job satisfaction directly. Quran-based human resource management practices can't increase job satisfaction directly. Those can increase job satisfaction indirectly through organizational justice variable. Total effect Quran-based human resource management practices based on job satisfaction as much as 0.657.

Figure 1. The results of path analysis



** Estimate is significant at the 0.01 level

Discussion

Islamic banking grows rapidly in Indonesia. Number of branches and depositor fund thrive every year. The progress has implications on the enhancement of human resource requirements in Islamic banking. Human resource requirements are not only related to the quantity, but more important is the quality of human resources who mastered the theory and practice of Islamic banking.

The growth of Indonesian Islamic banking was triggered by the crisis in 1997 which demonstrates the ability of Islamic banks able to survive than conventional banking. There is a potential investor institutions of the Middle East also prompted some banks to convert into commercial banks to open Islamic banking or Islamic business unit. On the other hand, during January 2009 Bank Indonesia has issued three regulations of Bank Indonesia (PBI) thus providing a clear direction for Islamic banking in Indonesia. Bank Indonesia regulation (PBI) include: 1) PBI 11/3/PBI/2009 of Islamic Banks, 2) PBI 11/10/PBI/2009 about Islamic business unit, and 3) PBI 11/15/PBI / 2009 on changes in business activities of conventional banks into Islamic banks. Bank Indonesia also issued a circular (SE), the BI SE 11/9/DPBs number of Islamic banks (Wijaksana and Sakiawardani, 2009). The regulations set all lines in the Islamic banking industry which include: the supervisory board, board of commissioners, board of directors, opening a branch office, to the financing for the results that require close supervision. The implications of this rule are the magnitude of the human resource needs of Islamic banking in both quantity and quality.

The development of Islamic banking is creating a climate of competition both at the regional, national and global human resources to obtain competent and professional. From the results of field observation and discussions with the leaders of the Islamic banking branch in Malang and chairman of Asbisindo East Java, found that there are many professionals piracy occurs in the Islamic banking industry. In order to create Islamic banking competitiveness through improved human resource can be done by implementing Quran-based human resource practices.

Quran-Based HRM practices include activities in human resource management which includes activities such as: recruitment, selection, performance appraisal, education and training, and compensation, based on Islamic values. Islamic values in human resource management practices include: fair or justice, trustworthy, personal piety, responsibility, competent, and honest. In Islamic religion, justice is a very important value. God commanded to do justice to become a man of noble (the righteous) as his word in the Quran surah Al-Maidah verse 8 (Qs. 5:8). Justice is one of the Quran-based human resource management value. Employee recruitment and selection practices based on the value of justice in the form of an open and *fair* manner, meaning that no favoritism and nepotism. In order to ensure a sense of justice, the practice of recruitment is done by providing the opportunity for each applicant. Not just because of blood relations, connections or other subjective considerations. In addition, during the recruitment process do the parties are good people, righteous and having a sense of justice. People who are good, righteous and having a sense of justice in this case are the ones who always perform duty to God in the form properly and run praying, fasting, zakat and other pillars of Islam. Clarity of the information needs of prospective employees with the terms and details of the work shows the existence of openness in the recruitment process in order to obtain a competent employee and has the talent, interest, and value is congruency between the employees. Value congruence encourages organizational commitment of employee (Siswanto, 2011). Employees of Islamic banking will be a professional and competent and have integrity when recruitment and selection practices can get employees to have an understanding of Islamic values are comprehensive and consistent in carrying out Sharia of Islam. The selection of employees based on Islamic values which should be carried out by the Islamic banking has four main criteria which include: 1) fairness or justice, 2) were selected based on competence rather than on blood ties, friendship, age, race, and political power, 3) the honesty, either from the organization (recruiters) and prospective employees (recruited), and 4) Islam prohibits the assignment that exceeds the ability of employees (Hashim, 2008).

The principle of justice is also a reference in the performance appraisal practices. Assessment of performance in this case is a formal system in the standard-setting work, assessing performance, and aims to provide feedback to employees in order to motivate, correct and continued good performance. Judging performance will be able to encourage and motivate employees and increase job satisfaction during the system assessment conducted transparently and fairly. The results showed that employee satisfaction will be achieved with Quran-based human resource management practices through organizational justice variables. At the time of application of human resource management without going through the justice variables in the organization, the Quran-Based HRM can't increase employee job satisfaction. Many studies have shown that employees who have job satisfaction will have a labor productivity is much higher than its low employee satisfaction (Robbins and Judge, 2008: 40). In addition, performance assessment also includes an assessment of the behavior of employees as a good Muslim, because a good Muslim would be a good employee (Yousef, 2000).

Islamic banking conducts training and development program to encourage the capabilities and competencies of employees. Training and development program will make employees more productive and contribute more to the achievement of organizational goals. Spirit in Islamic values, that Allah will exalt those who

believe and have science (Qs. 58: 11) and human basic qualifications to be representative of God on earth (*khalifatul fil ard*) is to have the knowledge (Qs. 2: 30-33). Two important things that can be drawn about the basic qualifications to be representative of God on earth in Qs. 2: 30-33 include: 1) the descendants of Adam are entitled to a position as vicegerent of Allah on earth because of science, and 2) among the descendants of Adam who is more fit to be a representative of the people who superior in science. Everyone should be look for knowledge. Employees shall be look for science to increase knowledge and skills in order to work well and full of trust. Management of organization should provide opportunities for employees in order to improve their competence.

Organizational justice can be classified into procedural justice, distributive justice and interactional justice. Distributive justice focuses on how organizational resources are distributed. The emphasis on procedural justice processes used to make resource allocation decisions. Interactional justice while giving emphasis on interpersonal communication related to organizational procedures. Distributive justice and distributive justice often associated with employee compensation. Compensation is a reward system provided by the organization to recognize employee performance and as a means to motivate employees. Financial compensation and non-financial values given should follow the fairness or justice and transparency so that the *reward* system is run in accordance with its purpose. Work contract is performed by the employer (organization) with the employee. Contract made an agreement that must be accomplished by both parties. Your employer must give in return as agreed in the contract agreement, and must not shy away from the deal together. Compensation given to employees must be fair and reasonable in accordance with the quantity and quality of their work. In Islam doctrine recognizes that there are different levels of ability (gradation) of the employee as stated in Quran (Qs. 46: 19). In this verse explicitly states that the granting of benefits in accordance with the levels of skills and expertise provided. Equitable rewards at various levels and employment levels are not justified in Islam. Compensation is determined in advance in Islam by mutual consent and the reward is given after the work is completed (Qs. 28: 26-28).

Conclusions and Recommendations

Conclusion

Based on data analysis, the research of improving the competitiveness Islamic banking human resource through the implementation *Quran-based HRM* concluded; 1) Implementation of Quran-based human resource management practices have been properly implemented. Those are demonstrated in a positive response to the practice of recruitment, selection, performance appraisal, training, and compensation, 2) Quran-based human resource management practices could improve the fairness or justice in the organization, 3) Quran-based human resource management practices can't increase job satisfaction directly. However, the practices of Quran-based human resource management can increase job satisfaction through the organizational justice.

Recommendations and managerial implications

Human resource management practices should continue to be performed by entering the Quranic values being able to effectively increase job satisfaction. However, the Quranic values that are implemented in human resource management program must be kept under review in order to really touch the needs and expectations of employees. The employee of Islamic banking has had a high critical opinion because of competition in the banking industry. It is based on the results of the analysis indicate that Quran-based human resource management are not able to increase job satisfaction directly, but through justice organizations. It means that Quranic values are applied in human resource management practices must promote values of justice. A manager who implements the human resource management practices of Islamic banking should carry out and ensure implementation of procedural justice, distributive justice and interactional justice in order to improve employee job satisfaction.

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