



Human Resource Management in Islam- A Study on Islami Bank Bangladesh Limited

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Abstract:

Human resource management plays a crucial role in maintaining organizations within the business sector and ensuring their sustainability and efficiency in the long run, particularly in today's highly competitive environment. This paper seeks to examine the principles of Islamic Human Resources Management (IHRM) systems and explore how Islami Bank Bangladesh Limited incorporates these principles into its banking approach. It emphasizes the importance of Islamic human resource management practices in Bangladeshi banks and offers a summary of all the HRM practices followed by Islami Bank Bangladesh Limited. The research is based on both primary and secondary data sources, including interviews with bank staff, as well as a review of various articles, books, newspapers, journals, and websites. The study identified four key areas of IHRM: recruitment and selection, training and development, performance evaluation, compensation and benefits, and career development. When these four areas are effectively implemented in line with Islamic principles, human capital can be enhanced, contributing to the long-term stability and growth of the bank. As a result, the findings may help in developing appropriate IHRM programs within Islamic banks.

Keywords: HRM Practices, Islamic Principles, Al Quran and al-Hadith.

Received 05 Nov., 2025; Revised 14 Nov., 2025; Accepted 16 Nov., 2025 © The author(s) 2025.
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I. Introduction:

Human Resource Management (HRM) plays a vital role in ensuring the sustainable growth and success of any organisation, and in the case of banking institutions, its importance is even greater. Since banking is a service-oriented industry, its performance and reputation largely depend on the quality, efficiency, and commitment of its human resources. An efficient HR department ensures effective recruitment, professional development, employee motivation, fair appraisal, and proper career planning for staff, which ultimately enhances organisational productivity. In the case of IBBL, where Shariah-based values are integrated into all operations, HRM also ensures that ethical, cultural, and spiritual dimensions are maintained alongside professional standards.

According to the Quran and Sunnah, employees are viewed as important assets rather than just regular workers in Islamic organizations. This perspective encourages recognizing and developing each individual's abilities, ensuring fair and timely compensation, applying justice and fairness in all dealings, treating everyone with respect and dignity, and promoting moral behavior, transparency, and fulfilling commitments in the workplace. This approach helps create highly motivated employees who can work together to achieve organizational goals while following divine principles. It also fosters a mutual sense of responsibility and care between employers and employees.

Bangladesh is a country where most of the people are Muslims. Therefore, Islamic human resource management practices can be the most effective and practical approach for organizations to reach their strategic objectives and develop their human resources. In Bangladesh, Islamic banking, insurance, and microfinance institutions operate under Sharia law, but they often apply Western-style human resource policies and practices. In many cases, these practices conflict with the principles of Sharia law. Furthermore, Mutasim et al. (2011) pointed out that Islamic HRM practices are significant but are infrequently emphasized in educational conferences.

II. Objectives of the Study

The objectives of this study are designed to guide the research and provide a clear framework for analyzing the Human Resource Management (HRM) practices of Islami Bank Bangladesh Limited (IBBL) from Islamic Point of View. Establishing specific objectives ensures that the study remains focused, systematic, and relevant to both academic requirements and practical insights.

Specific Objectives

The specific objectives of this study are designed to support the primary objective by breaking it down into actionable areas of investigation:

- ✓ To examine the recruitment and selection process from an Islamic point of view and evaluate its effectiveness in attracting qualified and competent employees.
- ✓ To evaluate the instruction and practice regarding training and development from Islamic point of view.
- ✓ To evaluate the performance appraisal system and its role in employee motivation and organizational efficiency from an Islamic point of view.
- ✓ To analyze the compensation and benefits structure and its alignment with employee satisfaction and retention from an Islamic point of view.

III. Methodology of the Study

The methodology section outlines the research techniques and approaches used to gather information for analyzing the Human Resource Management (HRM) practices of Islami Bank Bangladesh Limited (IBBL).

This study adopts a descriptive research design, as it aims to explore, describe, and analyze HRM practices in Islamic context. The methodology combines both primary and secondary data sources to provide a comprehensive analysis of HRM functions, challenges, and outcomes.

Primary Data

Primary data refers to the unpublished data collected directly from the source. In this study, primary data were gathered to obtain accurate and specific insights into HRM practices of IBBL.

The data collected from interviews provides insight into HR policies, staff performance, and organizational culture. The study used convenient sampling approach to select respondents and the number of Sample size was 10, includes HR personnel, branch managers, and selected employees to gather detailed information about HR policies, challenges, and practical implementations.

Secondary Data

Secondary data refers to the information collected from existing sources, which helps in understanding the broader context of HRM practices in IBBL. The secondary data for this study were obtained from:

- ☐ Official Documents and Reports: Annual reports, HR manuals, internal publications, and organizational charts from IBBL.
- ☐ Books and Journals: Academic literature on Human Resource Management, Islamic banking, and organizational behavior to provide theoretical frameworks.
- ☐ Websites and Online Databases: Information from IBBL's official website, financial websites, and other online sources to understand corporate policies, financial performance, and HR initiatives.
- ☐ Previous Research and Case Studies: Studies conducted on HRM in banking sectors, particularly Islamic banks in Bangladesh, to support analysis and comparisons.

IV. Literature Review

Gadelrab et al. (2020) expressed in their paper that the charisma and morality of Islam inspire the management of human resources.

Adeel et al. (2018) discovered the positive link between Islamic principles and human resources management. This includes the practice of the relationship to practice Islamic values to display human assets.

Rumbley, Van't Land, & Becker (2018) said in their paper that human resource management is an important technique that can monitor the human capital's talent to form connotations.

Sarfraz, Qun, Abdullah, & Alvi (2018) discussed in their paper that the Islamic Value Framework provides information and practice for building a comprehensive approach to compact with human resources management.

Jung & Ali (2017) revealed that the supervision of human assets in the Islamic approach affects authoritative judges. In order to gain trust, promising people must be reliable and consistent.

Kim & Park (2017) discussed in their paper that in order to gain trust, promising people must be trustworthy and reliable. Allah said: "Everyone swears by the money he earns." In order to seek someone's greatness, Islam urges individuals to unite to find something perfect. Allah said in the Quran: (17:7) "... if you do well, you do well for yourself and if you do sin, you do it to yourself". "You (humans) have not shown any demonstrations, but we are observing. When you are locked firmly, "the Prophet Muhammad (SWT) said," Allah prefers when someone does anything, they must do very well."

Ababneh, (2016) conclude in his paper that Islamic human resource management (IHRM) is based on acting in the interests of all people in a particular society, focusing on individual behaviour, and it also affects the operation or practice of management, because the values and belief systems of individuals performing these roles are composed of Islamic ideology and occupational information to contribute to achieving authoritative goals.

Mutasim et al. (2013) explored in their paper that Islamic HRM proposes that representatives are not only a help, but they are also a significant resource. They should be considered a wellspring of amazing and dynamic workforce resources. It rehearses accentuations on the importance of workers' individual aptitudes, capacities, and perspective.

Branine & Pollard (2010) expressed in their paper that for Muslim leaders and representatives, the preparation of senior executives is undoubtedly clearly influenced by the strict beliefs and guidelines from the Holy Qur'an (the Islamic Scripture) and the Holy Sunnah (Prophet Muhammad said, did or conducted) as Allah mentioned in Quran (59:7) "... and whatsoever the Messenger (Prophet Muhammad PBUH) gives you take it and whatever he forbids you, abstain from it ..."

Hashim (2010) revealed in his paper titled 'Human resource management practices on organisational commitment: The Islamic perspective' refers to the process of ensuring, developing, inspiring and supporting human assets.

Umphress, Labianca, Brass, Kass, & Scholten (2003) discussed that the IHRM plays important and important roles for organizations to gain effectiveness.

Cropanzano et al. (2001) have recognized the difficulties that constitute human resource management practices, and these practices include culture, legal framework, innovation, hierarchical structure and scale.

V. Analysis and Findings:

The analysis chapter of this study focuses on examining the data collected during the research to gain insights into the Human Resource Management (HRM) practices at Islami Bank Bangladesh Limited (IBBL). This section aims to systematically evaluate the effectiveness, efficiency, and impact of HR policies, procedures, and practices on employee performance, satisfaction, and overall organizational productivity

Islami Bank Bangladesh Limited (IBBL) gives significant importance to human resource management (HRM) as it believes employees are the key drivers of growth, efficiency, and service quality. Being one of the largest private commercial banks in Bangladesh, IBBL employs thousands of people across the country and manages them under a structured HRM framework. The HRM practices of IBBL are designed not only to recruit skilled professionals but also to ensure their continuous development, performance improvement, and motivation in accordance with both modern HR principles and Islamic Shariah.

Human Resource Planning

Allah (SWT) said in the Holy Qur'an, "Indeed, We have created all things in due proportion and measure" (54:49). Allah (SWT) also stated, "No calamity occurs on earth or in the hearts of people but is already recorded in a plan before We bring it into being" (57:22). It is reported in the Bukhari collection that Prophet Muhammad (SAW) said: "If the Hereafter is near and a person among you has a seed to plant, he should do so as long as he has the opportunity." ¹

IBBL follows a structured human resource planning process that matches employee needs with the organization's goals. It predicts manpower requirements based on branch expansion, new product launches, and anticipated retirements. HR planning is conducted annually and updated according to business growth, ensuring that the bank always has the right people in the right positions at the right time according to Islamic Shariah.

¹ Bukhari, Al-Adadul Mufra, (Beirut, Darul Basayer, 3rd Edition-1989), Vo.1, P. 168, Hadith No.479



Recruitment & Selection Process

Recruitment is the process through which organizations find, identify, and attract qualified individuals to fill available job positions. Selection, on the other hand, involves evaluating job candidates to ensure the most suitable person is chosen for the role (Robbins and Coulter, 2000). The Quran provides guidance on recruitment, stating, “Allah commands you to return trusts to their rightful owners, and when you judge between people, do so with justice. Indeed, how excellent is the teaching He gives you! For Allah is All-Hearing, All-Seeing. O you who believe! Obey Allah and His Messenger, and those in authority among you. If you differ in any matter, refer it to Allah and His Messenger, if you truly believe in Allah and the Last Day. That is the most suitable way to resolve it.” (Quran 4:58-59). Similarly, the Quran propose a clear standard for picking the best applicant. In Surah Al-Qasas (28:26), it says, “O my father! Pay him a wage. Indeed, the best person for you to employ is one who is strong and trustworthy.” (Ghernaout, 2017). In Islam, a person is considered righteous if they follow Allah’s commands, act with integrity, and avoid wrongdoing. Therefore, a truly pious manager is expected to carry out recruitment and other human resource practices in a manner that aligns with the principles of faith, with honesty and a sense of responsibility.

IBBL follows a transparent and competitive recruitment process based on the teachings of the Quran and Sunnah. Job openings are advertised openly, and candidates are chosen through written exams, interviews, and assessment centres, in line with modern HR practices. This approach ensures fairness, merit-based selection, and adherence to Shariah principles. The bank prioritizes hiring young graduates, professionals, and experienced personnel to address current and future needs.

Training & Development Programs

In the Holy Quran, Allah says, “Are those who know equal to those who know not? But only they who are endowed with understanding keep this in mind” (39:9). Islamic training and development cover all aspects of human growth, starting with moral and spiritual development and leading to physical development. Training should also intention to reinforce belief in Allah. Knowledge and training are closely linked. Islam encourages training to improve workers' knowledge and skills to higher levels. The knowledge emphasized in Islam includes general knowledge that can enhance both faith and religious practices (Hashim, 2009).

Employee training and development are given high importance. The bank operates its own IBBL Training Academy, which organizes induction programs for new employees and specialized training for current staff. Training topics include Islamic banking principles, customer service, financial management, risk management, and technological skills development. Senior executives also receive foreign training and workshops to gain exposure to international best practices.

Performance Appraisal & Evaluation

Whoever does evil will be punished by us, and then they will be sent back to their Lord, who will punish them with a punishment that has not been heard of before. But whoever believes and does good deeds will receive a great reward, and their task will be easy as we have arranged it by Our command (Quran 18:87-88). Ali (2005)

stated that performance evaluation in Islam is based on normative guidance and the practices of the Prophet Muhammad (SAW) and his first four Caliphs. It can be divided into three categories: contractual arrangements, self-responsibility and control, and the Almighty's judgment of performance. In terms of contractual matters, Islam sees employment as a confirmation of an obligatory relationship between the organization and the employee. Both the employer and the employee have expectations that must be fully satisfied. The Quran tells Muslims that any promise or agreement is subject to a contract that both parties must fulfil (17:34): "And fulfil your promises, for promises will be questioned about." Regarding self-responsibility, Ali (2005) explained that the Quran makes it clear that each person is solely responsible for their actions, and no one else can be held accountable for another's mistakes. Employees are expected to take moral responsibility for their own performance and strive for personal growth. The Quran states (75:14): "No, man is a witness against himself." Both contractual agreements and self-assessment are judged in the Hereafter. At the same time, Islam condemns slavery and upholds the dignity of work and employment. The hadith recorded in Sahih Bukhari is that, the Prophet (SAW) said, "No one has ever eaten a better meal than that which one has earned by working with one's own hands."

IBBL applies a performance-based appraisal system to evaluate employees annually. The evaluation criteria include productivity, service quality, customer satisfaction, and adherence to organizational values. Appraisals are directly linked with promotions, bonuses, and other benefits, ensuring that high-performing employees are recognized and rewarded fairly as per the instruction given in Quran.

Compensation & Benefits Policy

The Qur'an not only instructs believers to meet conditions, but also to avoid any attempt to go around the contract (7:85), "Nor withhold from the people the things that are their due." Second, compensations differ according to expertise and situation. Ahmad (1995) said that the Qur'an acknowledges various gradations among workers based on the quality and quantity of their work (Qur'an 46:19). Abu Huraira described that the Prophet (SAW) has said "Allah says that I will act as a accuser, 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 [full] wages" (Bukhari).²

From an HRM practice perspective, Islam urges managers to compensate their representatives or employees based on their capabilities, encounters, information, capabilities, and work did (Alvaredo, Atkinson, Piketty, & Saez, 2013).

IBBL offers competitive salary packages in line with the banking sector. In addition to basic pay, employees receive allowances, festival bonuses, profit-sharing options, provident funds, gratuity, and retirement benefits. Health insurance, leave policies, and family support benefits are also provided. The compensation policy is reviewed periodically to maintain employee satisfaction and competitiveness in the labor market.

Employee Welfare & Motivation Practices

In Islam, there is always room for improvement. Prophet Mohammad (SAW) always prays to the Almighty Allah to increase him in knowledge (Holy Quran 20 -114), no matter how knowledgeable or skilful he is.

The bank places great emphasis on employee welfare and motivation. It provides safe working environments, career growth opportunities, recognition programs, and counselling services. Welfare schemes include housing facilities, medical support, and education assistance for employees' children. Additionally, IBBL follows Islamic ethical values to create a positive work culture that motivates employees to perform with honesty, dedication, and team spirit.

Qualitative Data Analysis

The qualitative data for this study were collected through semi-structured interviews with selected employees of Islami Bank Bangladesh Limited (IBBL). The aim was to gain in-depth insights into the bank's human resource management (HRM) practices, employee perceptions, and organizational culture.

Employee Interviews

Interviews were conducted with employees from different departments and hierarchical levels, including officers, senior executives, and branch managers. The key focus areas and findings are:

- Recruitment and selection processes

Employees reported that IBBL emphasizes merit-based recruitment through structured examinations and interviews. Transparency in hiring practices was noted as a strength, though some employees suggested more opportunities for internal promotions.

² Bukhari : Assasih, (Daru Tawqunnazati, 1st Edition-1422H.), Vo.5. Page.480, Hadith No.2270.

- **Training and development programs**
Regular training sessions and workshops are provided for skill enhancement. Employees appreciated the continuous development programs, particularly in Shariah-compliant banking and customer service.
- **Performance appraisal and evaluation**
Performance evaluation is linked to both quantitative targets and qualitative behaviours. Some employees conveyed an aspiration for more regular response rather than annual appraisals.
- **Employee motivation and satisfaction**
Employees highlighted job security, respect, and supportive supervisors as key motivators. Suggestions for improvement included better recognition programs and career growth opportunities

VI. Overall Findings

Based on the analysis of Human Resource Management practices at Islami Bank Bangladesh Limited in the light of the Quran and Sunnah, the following major findings were identified:

- IBBL has a structured recruitment and selection process that certifies true and fair selection without bias and ensures the hiring of qualified candidates.
- There is scope for improvement in providing comprehensive orientation programs for newly appointed employees.
- The bank offers consistent internal training sessions regarding Islamic principles in banking, which enrich employees' skills and performance.
- Opportunities exist to increase leadership development and uninterrupted professional growth programs, particularly in Shariah-compliant banking and customer service.
- Performance evaluation systems are in place to monitor employee effectiveness.
- Some discrepancies were noted in promotion procedures, which may affect employee motivation.
- IBBL provides competitive salary structures and incentives, which contribute to employee satisfaction ensuring Quranic instructions.
- Certain benefits and leave policies could be further optimized to improve work-life balance.
- Challenges include occasional misalignment in transfers and concerns about long-term career progression.

VII. Conclusion:

As a Shariah-based bank, Islami Bank Bangladesh Limited is trying to implement the instructions provided by the Quran and Sunnah to develop their HRM systems. While IBBL's HRM practices are fundamentally effective and provide a strong foundation for organizational success, there is scope for refinement and strategic enhancement. Implementing the Islamic HRM systems, such as improving both employee and institution-focused HR policies, investing in employee development, and strengthening organizational practices, can lead to greater employee satisfaction, lower turnover, and higher operational efficiency. Ultimately, a well-managed human resource system not only supports the growth and stability of the bank but also promotes a motivated, skilled, and committed workforce capable of navigating future challenges and sustaining long-term organizational success. Islamic HRM fulfil the needs of all requirements.

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