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## Article

# Impact of Islamic spirituality and Islamic social responsibility on employee happiness with perceived organizational justice as a mediator

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## MANAGEMENT | RESEARCH ARTICLE

# Impact of Islamic spirituality and Islamic social responsibility on employee happiness with perceived organizational justice as a mediator

Raj Maham<sup>1\*</sup>, Omar Khalid Bhatti<sup>1,2</sup> and Ali Osman Öztürk<sup>3</sup>

**Abstract:** The notion of employee happiness based on the Western mindset has received tremendous focus by researchers across organizational sciences for a long time. However, it seems that these studies have not paid sufficient attention on the model of employee happiness across other societies and religions such as the Islamic framework. The religion of Islam is a comprehensive and inclusive code of life which provides appropriate solutions to manage employee happiness concerns. The significance of the study provides an insight on how happiness can be enhanced within organizations by the practices of Islamic spirituality (IS) and Islamic social responsibility (ISR). Employee happiness is observed by individuals practising and demonstrating IS and ISR at the workplace. Additionally, this study examines the mediating role of perceived organizational justice between IS, ISR and employee happiness. This empirical investigation attempts to enhance our understanding of how IS and ISR impact employee happiness in the banking sector of Pakistan. The



Raj Maham

### ABOUT THE AUTHORS

Raj Maham has completed her PhD dissertation at Iqra University, Islamabad. Her PhD thesis titled “Impact of Taqwa (Islamic Piety) on Employee Happiness: A Study of Pakistan’s Banking Sector” is presented in this paper. Ms. Maham’s research focus is on human resource management.

Omar Khalid Bhatti is an Associate Professor of Management at School of Business Istanbul Medipol University and Iqra University Islamabad Campus Pakistan. Dr. Omar’s work mostly falls under the umbrella of Organizational Behavior, Strategic management and Islamic Management. He has extensive international corporate experience and is also a former Chief Researcher and Government Consultant for Pakistan on the China Pakistan Economic Corridor.

Ali Osman Öztürk, is a Professor of Public Administration and currently a Rector for Hitit University Çorum Turkey. Dr. Ali has many national and international publications in the field of Public administration, organizational culture and leadership. He has also served as Prime Minister Counselor, Prime Minister and Chief Public Diplomacy Coordinator Turkey respectively.

### PUBLIC INTEREST STATEMENT

Although employee happiness is a subject of increasing interest among organizations, few studies have investigated this concept in an Islamic society. To fill this gap, this study presents an account of how the practice of Islamic Spirituality and Islamic Social Responsibility mediated by perceived organizational justice influences employee happiness in a high stress environment such as the banking sector of Pakistan. The results show that Islamic Spirituality and Islamic Social Responsibility has a positive impact on employee happiness and perceived organizational justice serves as a mediator. This study calls for more attention to the involvement of practices in societies and cultures where religion prevail as a way of life.

study uses survey data drawn from 500 employees working in Pakistani banks. Multiple regression is conducted to examine the impact of IS and ISR on employee happiness and perceived organizational justice as a mediator. The implication of this study is useful for trainers, educators, policy makers as practitioners, and researchers from various fields including organizational management, leadership and human development.

**Subjects:** Social Psychology; Cognitive Psychology; Mental Health

**Keywords:** religion; Islamic spirituality; Islamic social responsibility; employee happiness; organizational justice

### 1. Introduction

In today's workplace environment happiness leads to employee work engagement, job satisfaction, organizational commitment, and intrinsic motivation (Fisher, 2010). High level of individual happiness tends to help people function better (De Neve et al., 2013). The experience of feeling happy motivates individuals to be successful at their workplace with enhanced efforts to achieve the given targets. Happier individuals are likely to be more productive, creative, innovative, and have better social relationships (De Neve & Ward, 2017). Employee happiness is of great importance as it is deemed to increase productivity and performance, reduce absenteeism, improve cognitive flexibility, cooperation and collaboration.

Happiness impacts both the workers as well as the organizations in diverse ways. Though it is evident that employee happiness at workplace is multidimensional (Grant et al., 2007; Page & Vella-Brodrick, 2009). Employees with deprived well-being may be more inclined to deviate from work, can be relatively less productive, less capable of making quality decisions, and make consistently and constantly poor decisions (Price & Hooijberg, 1992). Conventional literature on well-being and happiness mostly examine distinct constructs like engagement, contentment, satisfaction, and mental health. Research identified different elements of employee happiness, such as job engagement, satisfaction and commitment, intrinsic motivation, negative and positive emotions at workplace (Fisher, 2010). Employee happiness at workplace seems a relatively less explored subject, since the past studies are more inclined towards finding unhappiness facets like stress, anxiety, depression, and emotional disorders (Tasnim & Hasnain, 2014). The mainstream literature highlights a significant number of findings on workplace happiness but does not cater for the Eastern socio-cultural context. The Eastern perception of well-being and happiness usually has religious conceptions as transcendence, awakening, emerging and union with the "Divine." In fact, these main factors of Eastern perception seem to be intentionally omitted from the Western prevailing models of psychological well-being for being superstitious, non-scientific, primitive and obsessive. We believe that this omission makes prevailing happiness models less appropriate to non-Western societies since religion affects the human psychological state and enhances happiness and satisfaction (Dodd & Gotsis, 2007). Also, higher echelons of happiness amongst individuals are particularly associated with religion which plays a vital role in shaping lives of individuals (Bhatti et al., 2015; Frey & Stutzer, 2002). The Islamic religious principles of Islamic Spirituality and Islamic Social Responsibility has a positive impact on employee happiness (Maham & Bhatti, 2019).

Islamic spirituality (IS) is "the responsibility between one's self and Allah" (Kamil et al., 2011b; Maham & Bhatti, 2019; Mohsen, 2007; Sulaiman et al., 2013). In the context of the study, henceforth, Islamic spirituality denotes to "faith, actions and behaviours which are aligned with the Islamic principles and teachings that a Muslim must always place into practice in an organization for achieving the pleasure, help and forgiveness of Allah". Spiritual practices (e.g., Islamic rituals, repentance, believe) help to draw strength and mental power, whether they embrace a non-dual being, higher power, God, or philosophical wisdoms (Al-Gazali, 2004; L. Fry & Kriger, 2009; L. W. Fry & Nisiewicz, 2013). Islamic Social Responsibility (ISR) constitutes the

relationship between an individual with other individuals and factors including the environment. Islamic social responsibility consists of all those tasks, actions and activities that Muslims perform within an organization that lead to “respect, harmony, justice, integrity, development of people and society” as a path to attain Allah’s forgiveness and pleasure (Kamil, 2012; Maham & Bhatti, 2019; Mohsen, 2007; Ramli & Osman-Gani, 2011). Kamil (2012) and Bhatti et al. (2015) operationalized Islamic social responsibility as “ ... anything that Muslims do in organizations that brings about mutual respect, mutual coexistence and development of mankind, the organization and us, with the constant remembrance of Allah (Dhikrullah) and seeking His pleasure”.

Examinations on why employees are unhappy at the workplace include situational antecedents such as justice (Cropanzano et al., 2007; Folger, 2001). In the last few years, the most enthusiastically examined situational antecedent of employee happiness is organizational justice (Robin, 2012; Storey, 2007). Sahai and Singh (2016) reported that well-being in the workplace is considered as an aftermath of the interaction between individual characteristics and organizational environment. Organizational justice has been mainly refined and tested in Western settings. It is deemed that by creating justice, organizations can achieve productivity, employee job satisfaction and organizational commitment (Bakhtiar Nasrabadi et al., 2009), through which happiness enhances (Jandaghi et al., 2012), while injustices in organizations deteriorate employees’ morale and mitigate any positive efforts (Ghafuri & Golparvar, 2008). Recently, organizational theorists have called upon future research to extend the organizational theories to Eastern settings specifically in the Islamic context to have more confidence about their generalizability (Bhatti et al., 2015; Khan et al., 2015). Thus, the current study aims to fill this gap and provides an opportunity to test largely the Western origin theories in non-Western settings.

The current study attempts to examine the impact of Islamic Spirituality and Islamic social responsibility on employee happiness. In addition, the present research also investigates the mediating role of Perceived organizational justice between Islamic spirituality, Islamic Social Responsibility and employee happiness.

The present study is guided by the following research questions

- (1) Does Islamic spirituality affect employee happiness?
- (2) Does Islamic social responsibility affect employee happiness?
- (3) Does perceived organizational justice act as a mediator in the relationship between Islamic spirituality, Islamic Social Responsibility and employee happiness?

## 2. Literature review

### 2.1. Happiness

Happiness has been expressed as “ ... the frequency and degree of joy, satisfaction over a given period, and an absence of negative feelings” (Argyle et al., 1989). Similarly, happiness is classically defined by how individuals feel about their experiences and in general about their life. Since individuals occupy a substantial amount of their time in the workplace, it is extremely important to gain a real understanding of the part that employment and the work setting play an important role in impacting happiness (De Neve & Ward, 2017). Given that, when individuals use the term in accordance with the Authentic Happiness Theory and PERMA model, “meaning” or purposeful existence is one of the five building blocks of happiness whereas religion may be one of the providers of a meaningful life. Hence, an extension is made to state that spirituality provides a meaning in one’s life and can enhance individual happiness. The study of the impact of IS and ISR on employee happiness is an extension of the Authentic Happiness whereas “being happy” refers to a “state of well-being” (Veenhoven, 2009). De Simone (2014) argues that workplace happiness transmits over to a more satisfied, content, pleased and optimistic work life for employees.

**Table 1. PERMA categories (Adopted from “Martin Seligman’s Flourish” (2011))**

Positive emotion	“Positive emotion is an essential part of our well-being. Happy people look back on the past with gladness; investigate the future with hope; and they enjoy and cherish the present”.
Engagement	“When we focus on doing the things we truly enjoy and care about, we can begin to engage completely with the present moment and enter the state of being known as “flow””.
Relationships	“Everyone needs someone. We enhance our well-being and share it with others by building strong relationships with the people around us family, friends, co-workers, neighbours”.
Meaning	“We are at our best when we dedicate time to something greater than ourselves. This might be <b>religious faith</b> , community work, family politics, a charity, a professional or creative goal”.
Accomplishments	“Everyone need to win something, to achieve well-being and happiness, we must be able to look back on our lives with the sense of accomplishment: I did it and I did it well”.

In 2011, in his book “Flourish”, Seligman gives the orientations of happiness and reveals his new theory PERMA presented in Table 1.

Religion is frequently invoked when arguing meaning in life and appears to be unique in the sense that it delivers individuals with ultimate meaning in every aspect of life (Emmons, 1999). More so is the case when religion in a way provides a meaning of life that is non-veridical and its reality or the person’s resulting idiosyncratic meanings are able to carry the magnitude of unconditional truth without being bound by the rules of substantiation (Paloutzian & Silberman, 2003). Religious principles, ideologies and activities are observed by numerous authentic happiness theorists as an effective method and approach towards reaching long-term happiness and well-being (Myers et al., 2008; Peterson & Seligman, 2004).

## **2.2. Probable solution to overcome employee unhappiness**

One probable solution to overcome stress, misery and despair among employees is to corroborate a just environment and campaign for workplace spirituality and social responsibility (Sulaiman et al., 2013). Spirituality and social responsibility are expected to inculcate worker’s honesty, commitment, creativity, and fulfilment (Krishnakumar & Neck, 2002). Investigation claims that spirituality and social responsibility practices result in promising positive outcomes like increased contentment, joy, serenity, job involvement, commitment and satisfaction (Fry, 2003; Giacalone & Jurkiewicz, 2003; Krishnakumar & Neck, 2002; Reave, 2005). Milliman et al. (2003) discovered positive association between workplace spirituality and social responsibility with employee outlook in terms of job commitment, satisfaction, and involvement. Neck and Milliman (1994) quantified that spirituality positively influence and affect employee happiness and job performance, adaptability, productivity and innovation (Eisler & Montouori, 2003; Mat & Naser, 2012). Similarly, organizational justice has a positive effect on the happiness of employees (Folger, 2001). Though, the issue is still prevalent and is a crucial area of interest for most practitioners and academicians. As organizational justice is acknowledged as a foundation for progressive organizations and happiness and exhilaration of employees (O’Connor & Crowley-Henry, 2019). In context to the same, it can therefore be argued that this study is very useful in responding to the research question of how IS and ISR as an important facet of Islamic religion influences employee happiness at the workplace and perceived organizational justices mediated this relationship. Importantly, the present study also endeavours to deepen and enrich the understanding of Islamic principles, i.e. Islamic spirituality and Islamic social responsibility and employee happiness

along with perceived organizational justice within the framework of Islamic inheritance and tradition. For this reason, it is important to comprehend the fundamental concepts of Islamic Worldview.

### 2.3. The Islamic world view

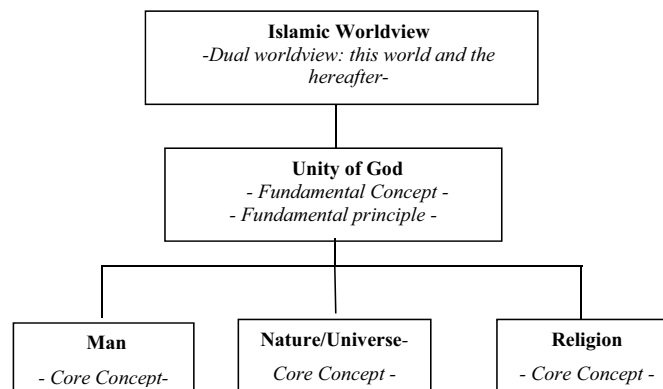
Islamic worldview embraces both the phase of this present world and the world hereafter. Considerably the aspect of worldly life is seen and deemed as a groundwork for the aspects of life hereafter (Kamil et al., 2011). In Islamic worldview, *Tawhid* or unity of “God” is the fundamental concept (Bhatti, 2015; Haneef, 1997; Kamil et al., 2011; Saleem, 2009). This fundamental concept consists of three core sub-concepts depicted in Figure 1. “The role of man means that he does not have any independent authority or absolute rights other than those conferred on him by Allah” (Kamil et al., 2011, p. 17; Haneef, 1997, p. 45). Hence, Muslim workers or employees should defend and safeguard the organization as a form of an endowment (Kamil et al., 2011). The Nature (universe) is another indication for man (*Khalifah*) to devote and direct him to worship Allah (Haneef, 1997). As Kamil et al. (2011) avow that when a Muslim looks at a beautiful and well-maintained garden he immediately praises it and deems that the garden exists to serve a particular purpose and the sole responsibility of the Muslim as a custodian is to take good care of the garden. The religion of Islam is a complete way of life (Alam, 1998; Al-Habshi, 1987; Bhatti et al., 2020). The expression “way of life” here is to obey and comply with what Allah has ordained. Man is given the freedom whether to manage his life in agreement with Allah’s directives and be a servant of God or not (Bhatti et al., 2016a, 2015, 2016b). Islam embraces that mankind is created to oblige and worship Allah Almighty and there is an unpretentious godly aspect in its soul that leads to a happy life.

### 2.4. Islamic spirituality

According to Islamic wisdom, mankind comprises dual fragments; the “physical” and the “spirit” (Kamil et al., 2011b, 2011; Mohsen, 2007; Ramli & Osman-Gani, 2011; Sulaiman et al., 2013). The theoretical meaning of Islamic spirituality is the responsibility between one’s self and Allah (Kamil et al., 2011b; Mohsen, 2007; Sulaiman et al., 2013). The Islamic perspective of spirituality stresses on strengthening of relationship with the God Almighty and seeks His pleasure that is of utmost importance and considered the motivating force behind each human act (Maududi, 1967). Islamic spirituality such as rituals, belief in Allah, remembrance of Allah and forgiveness increase personal work adjustment and productivity at workplace. IS provides a person an opportunity to perform responsibilities in a better way and helps to handle efficiently with workplace pressures and leads to employee happiness. Rituals create connection with God which helps in decision-making. Moreover, rituals can serve as an effective way to manage work stresses and pressure (Grine et al., 2015). Islamic Spirituality provides for another perception of life in terms of problem-solving ability and increased stability with low level of stress and anxiety that leads to good psychological

Figure 1. Islamic worldview.

(source: Bhatti, 2015).



health (Bhatti et al., 2016a, 2015, 2016b, 2020; Monfared & Naderi, 2015). With the presence of spirituality one can cope with all these mental disorders (Tiliouine et al., 2009) similarly it helps to draw strength and happiness (L. Fry & Kriger, 2009; L. W. Fry & Nisiewicz, 2013). In the context of the study, henceforth, Islamic spirituality denotes to “faith, actions and behaviours which are aligned with the Islamic principles and teachings that a Muslim must always place into practice in an organization for achieving the pleasure, love, help and forgiveness of Allah”. At the workplace IS dedicates an individual towards Allah’s path while motivated to achieve executive goals and objectives. Thus, we proposed the following hypotheses:

H1: There is a positive relationship between Islamic spirituality and employee happiness.

### **2.5. Islamic social responsibility**

Mohsen (2007) affirms that ISR is the responsibility to one’s self, to fellow humans along with nature at large. ISR is referred as actions and behaviours that a believer espouses in daily life. These actions help in improving employees’ performance resulting in respect, harmony, justice, integrity and development of people and society (Bhatti et al., 2015). Topbas (2009) elucidates that Allah has set clear guidelines and responsibilities for believers and those individuals with high ISR in general are meticulous, committed and demonstrate higher performances over time (Bhatti et al., 2015). In Quran, Allah states: “ ....And fulfil the covenant; verily the covenant shall be asked about” (Quran 17:34); “Fulfil the covenant of Allah when ye have entered into it, and break not your oaths after ye have confirmed them; indeed ye have made Allah your surety; for Allah knoweth all that ye do” (Quran 16:91). Notably, ISR stimulates ethical behaviour, confidence and strength to cope with life encounters, hence, improving the faith of a believer. Additionally, ISR also reinforces dependence on Allah and stimulates a believer to display the finest performance (Bhatti, 2015; Mohsen, 2007; Sulaiman et al., 2013). Remarkably, Islamic social responsibility which includes integrity, truthfulness, forgiveness, trust, sincerity, patience, brotherhood and justice can subsidise employees in term or their performance and overall prosperity of the organization (Bhatti et al., 2016a, 2015, 2016b, 2020; Zandi et al., 2017). Thus, the following hypothesis is presented:

H2: There is a positive relationship between Islamic Social Responsibility and employee happiness.

### **2.6. Perceived organizational justice**

R. G. Folger and Cropanzano (1998) uphold that the organizational justice refers to the fairness in procedures that organization follows along with the interactive treatment employees receive. The organizational justice has been categorized into main four scopes that are informational, procedural, distributive, and interpersonal justice (Colquitt & Rodell, 2011). Informational justice means communicating information and knowledge about procedures and outcomes among employee fairly (Colquitt, 2001; Colquitt & Rodell, 2011; Greenberg, 1993). Likewise, procedural justice involves fairness of the procedures that leads to decision-making and implementation (Folger & Greenberg, 1985; Lind & Tyler, 1988) through which outcomes are assigned (Kim & Mauborgne, 1997; Leventhal, 1976; Thibaut & Walker, 1975). Distributive justice considers sensitivities of impartiality of outcomes and takes into consideration issues such as equity, equality, and needs (Adams, 1965; Blau, 1968; Folger & Konovsky, 1989). Additionally, interactional justice is equal treatment during the organizational procedures and decisions, considering social sensitivity, respect, honesty, dignity, and politeness, between benefactor and beneficiary in the organization (Colquitt et al., 2001). Studies show that IS and ISR are the precursor of fairness and just behaviour in organization (Bhatti et al., 2015; Hassan, 2002; Saleem, 2009; Zandi et al., 2017). Interestingly, organizational justice showcases the role of fairness and impartiality perceived by the employees at the workplace that enhances happiness (Jandaghi et al., 2012). Hence, the uplifting the perception of organizational justice can lead to happiness and well-being (Cassar & Buttigieg, 2015). As discussed earlier, IS and ISR are antecedents of perceived organizational justice (Bhatti et al., 2015; Maham & Bhatti, 2019; Saleem, 2009) and that perceived organizational justice is



related to employee happiness (Bhuiyan et al., 2014; Branine & Pollard, 2010; Brown et al., 2011; Jandaghi et al., 2012). Based on the argument presented the following hypotheses are proposed:

H3: There is a positive relationship between perceived organizational justice and employee happiness.

H4: Perceived organizational justice mediates Islamic spirituality and employee happiness.

H5: Perceived organizational justice mediates Islamic social responsibility and employee happiness.

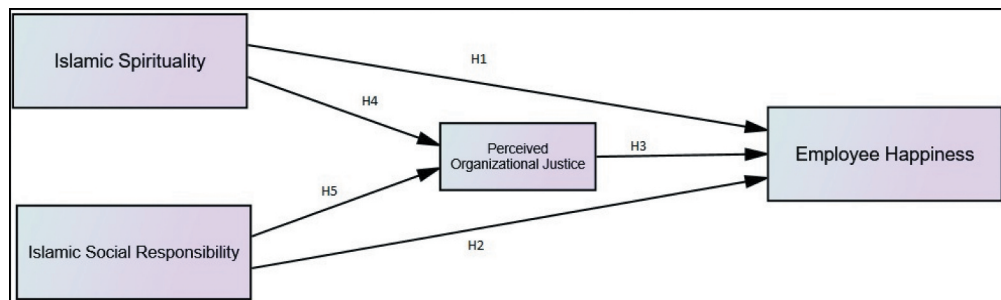
The above literature review recommended an association between IS, ISR, employee happiness and perceived organization as a mediator. Based on the literature Review it is further advocated that perceived organizational justice functions as a mediator. A number of academics (Ambrose et al., 2002; Skarlicki & Folger, 1997; Spector & Fox, 2005) have maintained that if judgements and actions are considered unfair, it generates disgrace, revenge, resentment, retaliation in employee's behaviours which leads to being disappointed and unhappiness. Employees with robust interpersonal justice inclinations are unlikely to engage in workplace distress and unhappy disposition (Bhuiyan et al., 2014). Hence, the hypothesized relationship between IS, ISR and employee happiness may vary subject to perceived organizational justice as a mediator. Figure 2 demonstrates the proposed model and the keynote relationships that are to be verified in the study. The model proposes that Islamic spirituality and Islamic social responsibility impacts employee happiness. Moreover, the relationship between IS, ISR and Employee happiness will be arbitrated by perceived organizational justice.

### 3. Methodology

#### 3.1. Sample and procedure

As per the objectives of the current, a cross-sectional survey design was utilized to collect data from participants. Cross-sectional surveys focus on a single group of participants at a given time and are therefore is appropriate where time is limited or restricted. Survey strategy questionnaire is used to collect homogenous data in large amounts in a cost-effective manner. The data collected from a survey contribute to quantitative analysis using both descriptive as well as inferential statistics. Notably, both will be essential to respond to the study's research questions. Table 2 showcases that most of the respondents are male at 70.8% compared to 29.2% of female. The age spectrum of the sample consisted 44% of respondents between the age of 25-29, 26% among the age of 30-34, 12.6% between the age of 35-39, 8.8% were among the age of 20-24 and 8.6% between the age of 40 and above. The marital characteristics comprise 51.2% married and 48.8% unmarried. The education qualification of the sample included 59.8% respondents having a Master's degree, 24.2% hold a Bachelor's degree, and 14.6% have a MS/MPhil degree, whereas, 1.4% have intermediate certificates. The sample's job category breakdown consists of

Figure 2. Hypothesized model.



**Table 2. Distribution of respondents per sample characteristics**

Characteristics		N	Percentage (%)
Gender	Male	354	70.8
	Female	146	29.2
Age	20-24	44	8.8
	25-29	220	44.0
	30-34	130	26.0
	35-39	63	12.6
	40 and above	43	8.6
Marital status	Married	256	51.2
	Unmarried	244	48.8
Qualification	Intermediate	7	1.4
	Bachelors	121	24.2
	Master	299	59.8
	MS/MPHIL	73	14.6
Job designation	Support Staff	166	33.2
	Line Manager	274	54.8
	Middle Manager	55	11.0
	Top management	5	1.0
Experience in current position	Less than 1 year	152	30.4
	1-5 Years	300	60.0
	6-10 Years	39	7.8
	>10	9	1.8
Work experience in general	<1 year	71	14.2
	2-5 Years	229	45.8
	<10 years	200	40.0
Number of employees in company	1-10	105	21.0
	11-20	242	48.4
	>20	153	30.6

54.8% line managers, 33.2% support staff, 11% middle managers and 1% top managers. The details for years of experience in present position comprises 60% between 1 and 5 years, 30.4% less than 1 year, 7.8% between 6 and 10 years, and 1.8% more than 10 years. The classification for the total work experience in general entails 45.8% between 2 and 5 years, 40% less than 10 years, 14.2% less than 1 year. The details for the number of employees in company (bank branch) entail 48.4% between 11 and 20 employees in company, 30.6% more than 20 employees in company, 31% between 1 and 10 employees in the company.

The target population for the present research were employees and support staff working in the banking sector of Pakistan. The rationale behind selecting the banking sector was that it is counted as the most stressed sectors in Pakistan (Hassan et al., 2013; Khattak et al., 2011; Ramay, 2012). The setting was preferred as it provides a large concentration of well-educated and knowledgeable workers who can complete the questionnaires. The population setting was conducted by cross-checking the lists of banks in Pakistan. Convenience sampling technique as applied for the current research. As convenience sampling is inexpensive, simple and the participants are readily available (Alvi, 2016). One thousand one hundred questionnaires were distributed among different branches of all chosen banks of Pakistan. Notably, the questionnaires were distributed to employees in the urban areas and provincial capitals such as Islamabad, Rawalpindi, Karachi, Lahore, Peshawar, and Quetta. The current choice in location provides geographic spread and covers all the banking sector in major areas of Pakistan. The initial

contact with the targeted organisations was made through phone calls guided by a standard script. If the response was positive, a follow-up letter was sent spelling out details of the study and the form of cooperation requested from the organisation. Based on the distribution 762 questionnaires were received out of which 500 were usable for the present research.

### 3.2. Measures

For the current research, all the constructs were measured and assessed via self-reports and by using 5-point Likert scale. (i.e. 1 = never, 5 = always). Islamic spirituality (IS) and Islamic social responsibility (ISR) were measured using 15 and 28 items, respectively (Mohsen, 2007). "Oxford Happiness Questionnaire" (Hills & Argyle, 2002), a 29-item questionnaire, was adopted to measure Happiness. Perceived organizational justice is evaluated by applying scale used by Ambrose and Schminke (2009).

### 3.3. Construct validity analysis

Validity analysis is performed to test the covariance composition of variables and assess convergent validity by means of average variance extracted (AVE), the composite reliability (CR) of variable to estimate the reliability (Raza et al., 2017). Moreover, McDonald Construct Reliability MaxR(H) is also estimated. Hancock (2001) exemplified, "Coefficient H describes the relation between the latent construct and its measured indicators coefficient H is unaffected by the sign of indicators' loadings, drawing information from all indicators in a manner commensurate with their ability to reflect the construct." Table 4 displays that the CR of the constructs is greater than 0.70 and AVE exceeded 0.50 showing an excellent construct reliability and convergent validity correspondingly (Byrne, 2010). Further, the square root of the AVE which is greater than rest of the inter-construct correlations. Henceforth, the discriminant validity between the constructs is also determined (Fornell & Larcker, 1981).

No issues of multicollinearity were found, as variance inflation factor (VIF) value of the constructs was less than 5. Discriminant validity, as recommended by Henseler et al. (2014), is also performed along with heterotrait-monotrait ratio of correlations (HTMT) to confirm that the items across the construct measure different construct in the model. It is recognized by confident interval value of HTMT value that must not embrace the value of 1 for the complete arrangement of the construct and by evaluating the value of HTMT lower than 0.90 (Hair et al., 2016) as presented in Table 4.

Consequently, Table 4 shows the value of HTMT analysis which indicates adequate discriminant validity for the constructs.

## 4. Results

The measurement model was evaluated based on fit measures, i.e. Chi-square ( $\chi^2$ ), normed Chi-square ( $\chi^2/df$ ), root-mean-square error of approximation (RMSEA) and the comparative fit index (CFI). Figure 3 showcases the Measurement model presenting a good fit to the data. The goodness-of-fit indices verified the overall measurement model. The chi Square statistic for the model was 359.06 with 164 degrees of freedom ( $p < .00001$ ). The RMSEA was 0.049; the CFI was 0.962. SRMR was 0.044 and PCI was 0.601 as shown in Table 3 (Gaskin & Lim, 2016; Hu & Bentler, 1999). Therefore, the overall model was an excellent fit.

### 4.1. Hypothesis testing

As the measurement model yielded a good fit, given the sample data, the second stage of analysis (model testing/hypotheses testing) was conducted. Multiple regression is a statistical technique used to determine the relationship between a dependent variable and independent variables (Cohen et al., 2014). Predictive accuracy is normalized by the magnitude of the  $R^2$  in addition to the significance statistics of the whole model. The emphasis is on the regression coefficients' size, their estimated standard errors, and associated t-test probabilities. The multiple regression analysis revealed IS and ISR have a positive impact on employee happiness in the banking sector of Pakistan. The study also demonstrated that ISR has a greater impact on employee happiness than IS. Perceived organizational justice has a positive impact on Happiness. The results are significant and are brief in Tables 5 and 6.

Figure 3. Measurement model.

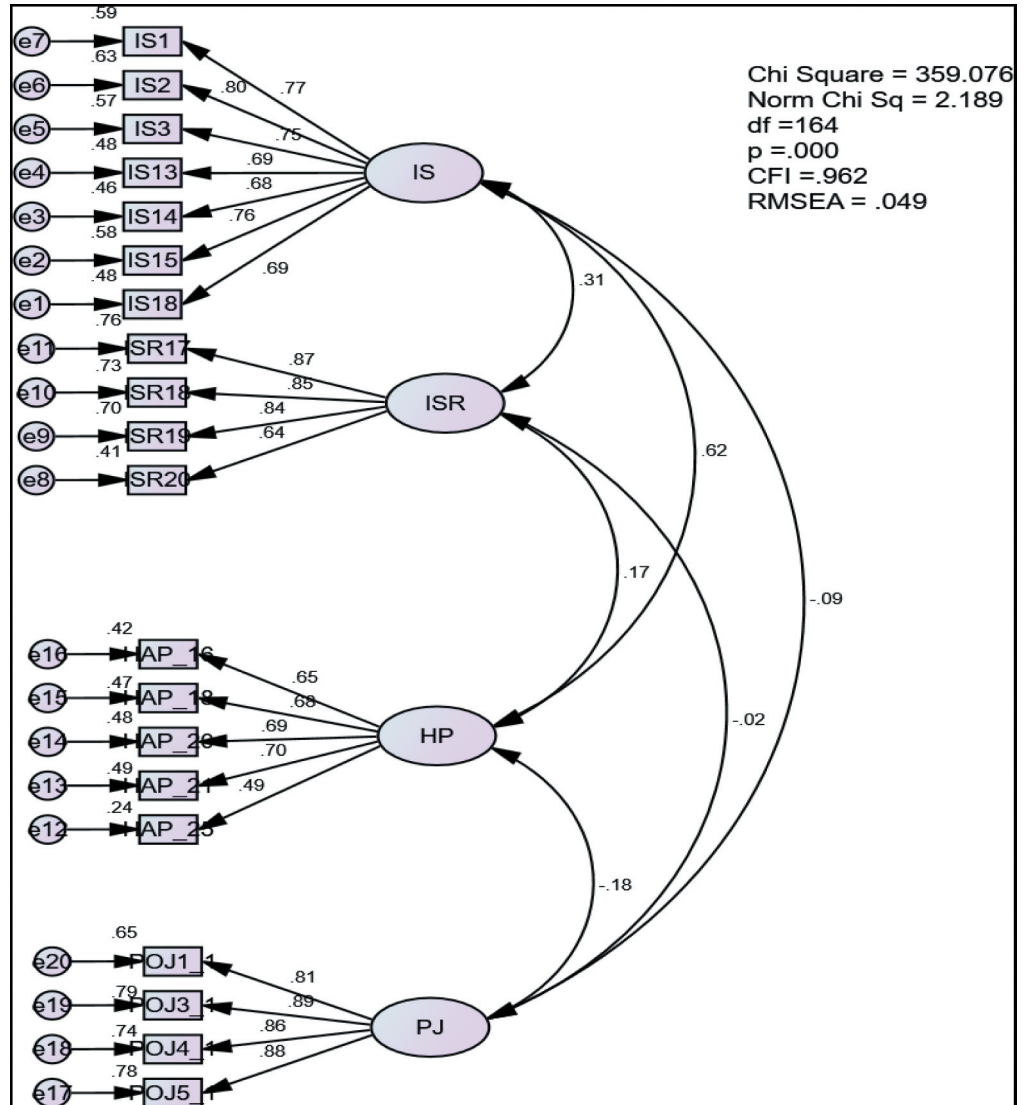


Table 3. Model fit measures

Measure	Estimate	Threshold	Interpretation
CMIN	359.076	-	-
DF	164.000	-	-
CMIN/DF	2.189	Between 1 and 3	Excellent
CFI	0.962	>0.95	Excellent
SRMR	0.044	<0.08	Excellent
RMSEA	0.049	<0.06	Excellent
PCI	0.601	>0.05	Excellent

Table 7 shows that there is positive impact of IS and ISR on Perceived organizational justice. Whereas, Table 8 shows that Perceived organizational justice mediates the relationship of IS, ISR and Happiness, hence the results are significant.

**Table 4. Validity analysis**

	CR	AVE	MSV	MaxR(H)	IS	ISR	HP	PJ
IS	0.891	0.540	0.260	0.895	<b>0.735</b>			
ISR	0.880	0.651	0.095	0.899	0.309***	<b>0.807</b>		
HP	0.757	0.511	0.260	0.769	0.510***	0.166**	<b>0.715</b>	
PJ	0.919	0.739	0.033	0.922	-0.093†	-0.018	-0.181**	<b>0.860</b>
<b>b) HTMT analysis</b>								
	IS	ISR	HP	PJ				
IS								
ISR	0.308							
HP	0.552	0.156						
PJ	0.097	0.001	0.195					

†, \*\*\*, and \*\*\*\* indicate significance at 10, 5 and 1%.

#### 4.2. Discussion

Based on the proposed model analysis findings, organizational justice acts as a full mediating variable in the relationship between IS, ISR and employee happiness. In the organizational context, IS and ISR work as an antecedent to organizational justice. Employees perceive that their bosses encourage employees on equal basis and employee treats everyone with equality and justice. Organizations should work for impartiality in pay systems and assign adequate rewards based on employee performance. This justice systems, as a result, leads to higher employee happiness organization.

Table 6 Coefficients <sup>a</sup> and Table 5 Coefficients <sup>a</sup> depicts regression analysis regarding IS and happiness and indicated that the model had a perfect fit for the data, as significance approached zero. An IS increase of 1% increases employee happiness by 0.189%. The study hypothesized that IS has a positive impact on employee happiness. Hence, the hypothesis (H1) there is a positive relationship between Islamic spirituality and employee happiness is supported.

Table 6 Coefficients <sup>a</sup> and Table 5 Coefficients <sup>a</sup> depicts regression analysis regarding ISR and employee happiness indicated that the model had a perfect fit for the data, as significance approached zero. An ISR increase of 1% increases happiness by 0.237%. The study hypothesized that IS has a positive impact on employee happiness. Hence, the hypothesis (H2) there is a positive relationship between Islamic social responsibility and employee happiness is supported.

Table 5 Coefficients <sup>a</sup> depicts Regression analysis regarding perceived organization justice and employee happiness indicated that the model had a perfect fit for the data, as significance approached zero. A perceived organization justice increases by 1% increases happiness by 0.647%. The study hypothesized that perceived organization justice has a positive impact on employee happiness. Hence, hypothesis (H3) there is a positive relationship between perceived organizational justice and employee happiness is supported.

Table 8 Coefficients depicts regression analysis regarding perceived organizational justice serves as a mediator between IS, ISR, and happiness. The results show that perceived organizational justice mediates IS, ISR and employee happiness indicated that the model had a perfect fit for the data, as significance approached zero with a B score of 24.315. Hence, the hypothesis (H4) perceived organizational justice mediates Islamic spirituality and employee happiness and (H5) perceived organizational justice mediates Islamic social responsibility and employee happiness are supported.

Table 9 depicts the Summary of the Main Findings of the Study.

**Table 5. Coefficients<sup>a</sup>**

	Model	Unstandardized coefficients		Std. Error	Standardized coefficients		t	Sig.
		B			Beta			
1	(Constant)	40.244		0.993			40.514	0.000
	POJ	0.846		0.392	0.096		2.161	0.031
2	(Constant)	14.621		1.867			7.830	0.000
	POJ	0.647		0.323	0.074		2.004	0.046
	IS	0.185		0.025	0.280		7.266	0.000
	ISR	0.239		0.022	0.420		10.930	0.000

<sup>a</sup>Dependent Variable: Happiness.

**Table 6. Coefficients<sup>a</sup>**

Model	Unstandardized coefficients		Std. Error	Standardized coefficients		t	Sig.
	B	Std. Error		Beta			
1	(Constant)	15.960	1.749			9.127	0.000
	IS	0.189	0.025	0.287		7.459	0.000
	ISR	0.237	0.022	0.418		10.840	0.000

<sup>a</sup>Dependent Variable: Happiness.

**Table 7. Coefficients<sup>a</sup>**

Model	Unstandardized coefficients		Std. Error	Standardized coefficients		t	Sig.
	B	Std. Error		Beta			
1							
	(Constant)	2.070	0.242			8.546	0.000
	IS	0.007	0.004	0.096		2.051	0.041
	ISR	0.002	0.005	0.093		1.695	0.007

<sup>a</sup>Dependent variable POJ.



**Table 8. Coefficients (Instrumental)**

		Unstandardized coefficients		Beta	t	Sig.
		B	Std. Error			
Equation 1	(Constant)	-15.564	29.129		-0.534	0.593
	POJ	24.315	12.242	2.769	1.986	0.048

**Table 9. Summary of the main findings of the study**

H(X)	Hypothesis	Findings
H1	There is a positive relationship between Islamic spirituality and employee happiness.	Supported
H2	There is a positive relationship between Islamic social responsibility and employee happiness.	Supported
H3	There is a positive relationship between perceived organizational justice and employee happiness.	Supported
H4	Perceived organizational justice mediates Islamic spirituality and employee happiness.	Supported
H5	Perceived organizational justice mediates Islamic social responsibility and employee happiness.	Supported

### 5. Implications of the study

Organizations benefit from the competitive advantages created by sound human resource practices. HRM supports the leadership of the organization in establishing relationships with employees in a manner that is mutually constructive based on justice and morality. Perceived organizational justice is a phenomenon that can be used to create an environment that is healthy and increases the ability of employees to perform and overcome new challenges, demands and requirements. Lack of accountability, unjust treatment, nepotism, personality problems, turn over, exhaustion and stress are some causes of poor management. A decision-maker must not work under stress or strive to meet organizational objectives at the cost of the ability to manage human resources (Budhwar et al., 2010; Hight et al., 2019). IS and ISR can be a tool for decision-makers and managers to counter nepotism, unjust behaviour, support accountability and implement HRM's four main functions to sustain a healthy and happy workforce. As this is one of the pioneering studies in the field of Islamic management, IS and ISR contextualized management as a function that is moral and spiritual also and is driven by non-earthly and non-materialistic rewards. Employment relationships take on a religious dimension and go beyond just the contractual requirements. An understanding of IS and ISR principles and practices as well as the mediating role of perceived organizational justice would enable the development of a fair management style that blends the Western and Islamic management styles. Hence, this comprehensive management style offers a guide based on more spiritual and moral decision-making than materially guided decision-making process.

### 6. Conclusion

The study provides answers to the investigation and hypotheses by means of surveyed data drawn from sample of 500 employees in banking sector of Pakistan. The research hypotheses posited that

IS and ISR impact employee happiness and perceived organizational justice as mediator. The findings hypothetically braced the theory that practising IS and ISR in banking sector is a cause of personnel happiness with perceived organizational justice as a mediating force. The findings of this study also have implications for “policy makers” of human development in banking sector of Pakistan. Particularly, human resource development intellectuals and other professionals may perhaps utilize the answers of this study to validate performance improvement initiatives with the intention that Islamic spirituality and Islamic Social Responsibility could be heightened continuously among banking sector employees. This will bring about a controlled environment where unfair behaviour is disliked and hence enhance employee happiness augmented.

An argument is made that a banking sector employee who is explicitly indicted with Islamic spirituality is encouraged from an inner self and guided by the quest of the Allah’s pleasure to be inspired by rewards in both lives, i.e. the present world (*falah*) but as well as life hereafter (*Jannah*). Intrinsically a person performs tasks having ultimate commitment as the individual is accountable for everything that is done as a custodian of responsibilities and obligations given to any individual by God. Further from the previous discussion, it can be inferred that Islamic spirituality and Islamic Social Responsibility can be a positive stimulus for professional bankers and aid as a motivational energy for organizational justice as a mediating force in the workplace for employee happiness. Likewise, it is argued that because of its prospective remunerations, banking professionals can generate a happy work place favourable for practising values of Islam and flourish themselves especially in the banking sector of Pakistan by bringing their spirituality to work culture through their actions. By pursuing to understand the influence of IS and ISR on employee happiness, this study is likely to promote present literature on IS, ISR and employee happiness by offering the Islamic perspective. Likewise, if employee motivation and behaviours are in accordance with religious principles and practices, then it becomes preferable for policy makers to implement activities that focus on stimulating and practising religious moral or ethical principles and practices.

Human Resource Development (HRD) experts and specialists may utilize the conclusions of the study to rationalize their struggles to identify planning, designing, developing, and implementing applicable teachings and performance enrichment initiatives, with the aim to improve IS and ISR continuously among Muslim employees in the banking sector of Pakistan. By doing so, one can achieve high ethical and moral values of workers at the workplace and regulate undesirable behaviours leading to a sense of organizational justice and positively impacting contemporary performance of organization, thus, enhancing happiness among employees in the workplace. Practising IS and ISR acquire improved results and increases happiness among employees with organizational justice as an intermediating factor. This study clearly highlights the abstraction that IS and ISR act compellingly in enhancing the happiness of Muslim workers leading to success at work. Whether regarding family-life or work-life, the person inclines to employ these values in order to enjoy blessing of God and earn rewards in present life and hereafter. This study finds that by practising IS and ISR in an organizational setting an individual can contribute substantially in improving happiness.

### **7. Limitation of the study**

The limitation of survey in which all the respondents are forced to particular response categories and therefore limit the variety of answers is recognized. Compared to an interview style that allows respondents to clarify enquiries, participants are typically restricted to the text in the survey itself for direction about where to respond and how to complete. Besides “response bias” is a broad term for tendencies for respondents to answer imprecisely or falsely to questions. In order to address the limitation of this study qualitative research of similar study is recommended. It is argued that 70% of the participants in the current study were under the age of 35 years. It might be beneficial in future to emphasis on the higher age brackets and observe as how age can play a mediating or non-mediating role in the overall relationship. Moreover, if the higher age bracket comprises senior management, it may present a unique view of happiness and perceived organizational justice. Finally, it may be thought-provoking too for upcoming research to consider the effects of IS and

ISR on outcome variables such as accomplishment, creativeness, self-sufficiency and so forth. Conducting parallel studies in different Islamic countries can aid in enhanced comprehension of the variables studied and supplementary simplification might be cached exclusively if the conclusions were matched across these countries.

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