RESEARCH ARTICLE

THE EFFECT OF EQUALITY *(ADL)* ON ORGANIZATIONAL PRODUCTIVITY: THE ISLAMIC POINT OF VIEW

* Mustapha Sidi Attahiru, PhD

Department of Business Administration, Faculty of Management Sciences, Usmanu Danfodiyo University Sokoto, Nigeria

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ABSTRACT

Equality is very crucial in ensuring a better working relationship between the employers and employees as well as enhancing the organizational performance. The negative effect of discrimination has crippled the development of many organizations especially in the developing countries. This study aims to determine the effect of inequality on organizational performance from Islamic point of view. Sample of this study comprises of senior and junior staff of Usmanu Danfodiyo University Teaching Hospital Sokoto, Nigeria. Survey questionnaire was administered to 350 employees through simple random sampling and only 201 were used for the analysis. Smart PLS 3 version was used for the analysis. The study found that there is significant relationship between equality and organizational performance. The study also established that equal treatment of employees by the managers increases the performance of the organization while injustice and discrimination negatively affects it. This research is intended to benefit the managers in ensuring equal treatment is given to all employees for the betterment of organizational performance. This research is significant as it complement the existing literature on Islamic approach linking equality to organizational performance. While this paper sets the stage, there is however, the need for future research.

INTRODUCTION

Employees are the backbone of every organization and their happiness determines their productivity level. A motivated employee is a happy and productive person in the organization (Theresa, Ufoaroh, Annulika, & Anthony, 2019). The role of employees in an organization cannot be overemphasized, as increased organizational efficiency can be achieved if there is proper management and equality of the workforce which would subsequently increase profitability (Dennis Isaiah, Ojiabo, & Alagah, 2017). It was observed that companies who fully realize the potential of their workforce, not only benefit from minimizing the cost of recruiting new personnel, but also motivate their own workforce to maximize their potential (Tesfaye, 2010). However, diversity in the workplace has overtime cumulated into various forms of discrimination (Dennis Isaiah et al., 2017). According to the Australian Human Rights Commission (AHRC, 2014), workplace discrimination is the treatment of certain workers in a less favourable manner than another group because of their background or certain personal characteristics. Discrimination in workplace could be direct or indirect. It is direct discrimination when an employer treats an employee less favourably than someone else.

*Corresponding Author: *Mustapha Sidi Attahiru, PhD,*
Department of Business Administration, Faculty of Management Sciences, Usmanu Danfodiyo University Sokoto, Nigeria.

But indirect discrimination happens when a working conditions or rule disadvantages one group of people more than another (Dennis Isaiah et al., 2017). AHRC (2014) highlighted some types of discrimination that occurs at different points in the employment relationship which include: (1) when recruiting and selecting staff (2) in the terms, conditions and benefits offered as part of employment (3) who is considered or selected for training and the sort of training offered (4) who is considered or selected for transfer or promotion (5) who is considered and selected for retrenchment or dismissal. Doyle (2020) asserted that, employment discrimination could occur in denying certain employees compensation or benefits, paying equally-qualified employees in the same position different salaries, discriminating when assigning leaves or retirement, options, denying or disrupting the use of company facilities, discrimination when issuing promotions or lay-offs. According to Doyle (2020); Memduhoðlu and Yildiz (2021); Yassine et al. (2014), there are different reasons for discrimination at workplace that include; gender, religion, ethnic or because of the employees relationship to another person. It may also be due to the employee's affiliation to a sect or political party. Nonetheless, Islam has a solution to all the aforementioned problems. Using the Islamic perspectives, this study sets to examine the effect of inequality on organizational performance. For the purpose of this study, the two words of inequality and discrimination will be used interchangeably. Similarly, the two words of equality and justice will be used interchangeably as they appear to serve the same purpose in the researcher's view. The

civil servants from Usmanu Danfodiyo University Sokoto were used as respondent to the study.

This study is significant as it differs from previous studies in the following: It has its basis from the sources of the Al-Quran and Hadiths of the Holy Prophet (PBUH). This makes it different from the previous studies that were based on western literature. Similarly, most of the previous studies used the first generation software such as SPSS in their analysis, while this study uses the new generation SmartPLS software for the analysis and that ensures the reliability of the results. The study is also likely to be useful to the policy-makers and regulators in the organization as they ensure equal treatment to all employees at every level and also eliminate discrimination in the organization. This paper is divided into four sections. The first section is the above introduction, the second section is the literature review and the third section is the methodology. Section four comprises of results and discussion, while limitations and conclusion concludes the paper.

LITERATURE REVIEW

Organizational performance: Organizational performance refers to the combination of both the financial and non-financial aspects of an organization. These aspects gauge how well a company is executing their business strategy and can be looked at to identify areas for improvement (Terry, 2020). According to Wigmore (2015), the organizational performance is a composite assessment of how well an organization performs on its most important parameters, typically financial, market and shareholder performance. However, the organization itself does not perform any work, but its managers are performing their assigned works and in a combination of these performed works is called organization performance. Therefore, Islam encourages managers in maintaining equality within the organizations and beyond as agreed by *Shari'ah* and the condition of service(Attahiru, 2021).

Equality: Equality is a literal meaning of the Arabic word *Adl* which also means justice, equalizing, balance, right, fairness, putting things in their right place, temperance, and moderation (Iqbal & Mirakhor, 2017). Islam declares complete equality among all mankind, regardless of one's skin colour, language, gender, ethnic background or relationship. In the Quran, (49:13), it reads, *"O mankind we have created you from one male and female and made you into nations and the tribes that you may know one another. Surely the most honourable among you with Allah is the one who is the most righteous. Verily Allah is all-knowing all aware."* Also, Prophet Muhammad stated in his farewell sermon, *"O people. Your Lord is one and your father is one. (Adam) An Arab has no superiority over non-Arab, nor a non-Arab has any superiority over Arab, also white has no superiority over black nor does black have any superiority over white, except by piety and righteousness. All humans are from Adam and Adam is from dust"*(Sahih Muslim: 1218). Kamali (1989) opined that the main objectives of *Shari'ah* are to educate the individual, establish equality and realize benefits to the people in this world and in the next world. Every aspect of a Muslim's life is governed by *Shari'ah*, be it relationship with Allah or with others, including the political, economic and social institutions (Haniffa & Hudaib, 2019). In the words of al-Ghazali (cited in Islahi, 2014, p. 25):
"The obligation of the *Shari'ah* is to provide for the well-being of all humankind, which lies in safeguarding their faith (din),

their human self (*nafs*), their intellect (*aql*), their progeny (*nasl*) and their wealth (*mal*)". Therefore, inequality at individual or organizational levels is unacceptable in Islam. Ibn Al Qayim (cited in Abdalati, 1975) highlighted that the welfare and wisdom of the people in this world and the hereafter is the basis of *Shari'ah*. In that respect, whatever deviate from equality to oppression, mercy to harshness, welfare to misery and wisdom to foolishness, is against the teachings of *Shari'ah* (Chapra, 1995). In other words, the goals of *Shari'ah* are to establish justice and welfare in society and to seek Allah's blessings by setting the basic foundations for its moral, social, political and economic philosophy to achieve *al-falah* (Haniffa & Hudaib, 2011, 2019).

Conceptual framework

This section discusses the conceptual framework of this study which is developed under the Islamic approach. Figure 1 shows the research model indicating Inefficiency as dependent variable and corruption as independent variable.

Fig. 1. Conceptual framework

Organizational performance and equality: Islamic places justice as the key point of morality in any organization else decline and destruction will prevail in the human society (Attahiru, 2021; Wulandari, Putri, Kassim, & Sulung, 2016). Al-Qur'an (16:90) says: *"God enjoins justice and doing good"*. Maintenance of equality and balance in the society is the message brought to this world by each and every Messenger of God. Al-Qur'an (57:25) speaks;

"Indeed, we have sent Our Messengers with clear proofs, and revealed with them the Scripture and the balance (justice) that mankind may keep up justice." (Al-Qur'an, 57:25)

Justice is commanded to all categories of people in all aspects irrespective of their religion, tribe and status because it is the only way of achieving success not only in the organization, but all activities of life. Al-Qur'an (5:8) says: *"O you who believed, be persistently standing firm for Allah, witness in justice, and do not let the hatred of a people prevent you from being just. Be just; that is nearer to righteousness. And fear Allah; indeed, Allah is acquainted with what you do"*. The Al-Qur'an (4:135) says further: *"O you who believe, be persistently standing firm in justice, witness for Allah, even if it be against yourselves or parents and relatives. Whether one is rich or poor, Allah is more worthy of both"*.

Hence, a Muslim is expected to be just in his conducts at individual or organizational levels without any discrimination, bearing in mind that all transactions are being witness and will be judged by God Himself. Al-Qur'an (10:61) says: *"Nor you (mankind) do any deed (good or evil), but We are Witness thereof, when you are doing it. And nothing is hidden from your Lord (so much as) the weight of an atom (or small ant) on the earth or in the heaven. Not what is less than that or what is greater than that but is (written) in a Clear Record."* Furthermore, Islam prohibits all sorts of inequality when it comes to reward and punishment due to its negative impact to the organization as well as the society in general. Al-Qur'an

says: *"So, judge between the people in truth and do not follow [your own] desire, as it will lead you astray from the way of Allah."* (Al-Qur'an, 38:26). In another verse, Allah (SWT) says: *And when you speak [i.e., testify], be just, even if [it concerns] a near relative. And the covenant of Allah fulfill. This has He instructed you that you may remember."* (Al-Qur'an 6:152). In the Hadith narrated by Aisha (RA), Prophet (PBUH) says: *"O people, those who came before you were doomed because if a nobleman among them stole, they let him off, but if a lowly person stole, they carried out the punishment on him"*(Sahih Muslim: 1688). The Prophet (PBUH) said: *"Indeed, the most beloved of people to Allah on the Day of Judgement, and the nearest to Him in status is the just leader. And the most hated of people to Allah and the furthest from Him in status is the oppressive leader"* (At-Tirmidhi:1329).

H1 Equality will significantly influence the Organizational performance

METHODOLOGY

Sample of this study comprises of senior and junior staff of Usmanu Danfodiyo University Teaching Hospital Sokoto, Nigeria. Survey questionnaire was administered to 350 employees through simple random sampling and only 201 were used as indicated in Table 1. To improve the response rate, the questionnaires were delivered to the respondents by hand and collected by hand on a scheduled pick-up date. PLS-SEM 3.0 was used for data analysis. This study classified responses according to a five-point Likert scale ranging from 1 (strongly disagree) to (strongly agree). Partial least square structural equation model (PLS-SEM) method was used and found suitable by this study because, the research model entails considerable complexity regarding the type of relationships in hypotheses. This study also uses latent variables' scores in the consequent analysis for predictive purposes. This study concurrently uses SmartPLS 3 software (Hair et al. 2014).

RESULTS

The PLS model analysis covers two stages: (1) assessment of reliability and validity of measurement model and (2) evaluation of structural model.

Table 1 Demographic Profile of the Total Sample

Characteristics	Frequency	Percentage%
Gender		
Male	118	58.7
Female	83	41.3
Marital Status		
Married	121	60.2
Single	56	27.9
Divorced	24	11.9
Age		
18-29	36	17.9
30-39	57	28.4
40-49	79	39.3
50-59	29	14.4
Category		
Senior staff	132	65.7
Junior staff	69	34.3
Educational level		
Diploma/NCE	73	36.3
Degree/HND	107	53.2
Postgraduate Degree	21	10.4

Measurement model: The reflective measurement model assesses model's reliability and validity which involves indicators item loading, composite reliability, convergent validity and discriminant validity. Convergent validity is the level to which items accurately represent the intended latent construct and certainly correlate with other measures of the similar latent construct is evaluated by examining the AVE of each latent construct, as recommended by Hair *et al*. (2014). To achieve adequate convergent validity, the rule of thumb indicates that only items with loadings between 0.40 and above, and items with Average Variance Extracted (AVE) of 0.50 and above should be retained as suggested by Hair *et al*. (2017) and Chin (1998). Also, Bagozzi and Yi (1988) and (Hair, Ringle and Sarstedt (2011) recommended that the composite reliability coefficient should be at least 0.70 or more.
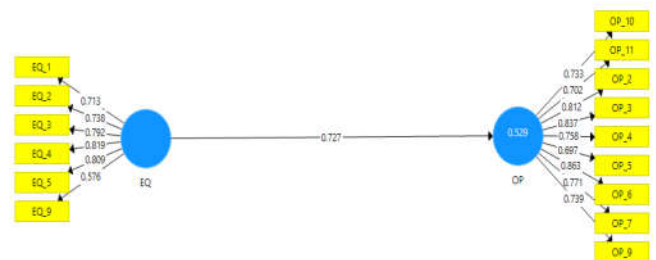

Figure 2. Measurement Model

Result shows that all the requirements were met in assessing measurement model. Firstly, reflective individual items are reliable, because all standardised loadings are above 0.6 as indicated in figure 2 and Table 2 respectively. Accordingly, the individual item reliability is satisfactory (Hair, Hult, Ringle, & Sarstedt, 2017). Secondly, the composite reliabilities of all reflective constructs are greater than 0.7 indicating that the requirement of construct reliability is met (Leal-Rodríguez, Eldridge, Roldán, Leal-Millán, & Ortega-Gutiérrez, 2015).

Table 2. Measurement Model: Reliability and Convergent Validity

Construct	Loadings	Composite Reliability	Cronbach	Average Variance Extracted
OP_10	0.733	0.929	0.913	0.593
OP_11	0.702			
OP_2	0.812			
OP_3	0.837			
OP_4	0.758			
OP_5	0.697			
OP_6	0.863			
OP_7	0.771			
OP_9	0.739			
EQ_1	0.713	0.881	0.836	0.556
EQ_2	0.738			
EQ_3	0.792			
EQ_4	0.819			
EQ_5	0.809			
EQ_9	0.576			

As indicated in Table 2, the convergent validity is achieved by the latent variables since their average variance extracted (AVE) exceeds 0.5 level (Fornell and Larcker 1981). Also, Table 3 confirms that all the variables met the requirement of discriminant validity. This is achieved from a comparison of the square root of AVE versus the corresponding latent variable correlations. For discriminant validity to be satisfactory, diagonal elements should be significantly greater than off-diagonal elements in the corresponding columns and rows (Roldán and Sánchez-Franco 2012).

Table 3. Discriminant Validity (Fornell&Larcker, 1981)

Construct	OP	EQ
OP	0.770	
EQ	0.727	0.746

Table 4. Cross Loadings

Construct	OP	EQ
OP_10	0.733	0.542
OP_11	0.702	0.532
OP_2	0.812	0.572
OP_3	0.837	0.539
OP_4	0.758	0.589
OP_5	0.697	0.553
OP_6	0.863	0.660
OP_7	0.771	0.556
OP_9	0.739	0.463
EQ_1	0.549	0.713
EQ_2	0.574	0.738
EQ_3	0.489	0.792
EQ_4	0.505	0.819
EQ_5	0.486	0.809
EQ_9	0.588	0.576

In addition, as stated earlier, discriminant validity can also be achieved by comparing the indicator item loadings with cross-loadings. To ascertain satisfactory discriminant validity, Chin (1998) recommended that all the indicator item loadings should be greater than the cross-loadings. Table 4 below compares the indicator item loadings with other indicators. All indicator item loadings are higher than the cross-loadings as shown in the Table 4 above, recommending acceptable discriminant validity for further analysis. Therefore, in this study, all the criteria for attaining discriminant validity are achieved.

Structural model: The assessment of structural model includes, testing of path coefficient (hypothesis), assessment of R-square, evaluation of effect size and assessment of predictive relevance of the study model. The study achieved all the requirement of structural model. Therefore, bootstrapping procedure was used in assessing structural model (Figure 3). Table 5 indicates the bootstrapping results which provides t-values that permit the assessment of statistical significance relationship in the research model (Ramayah, Cheah, Chuah, Ting, & Memon, 2017). In this situation, the results significantly support the hypothesis, which defines the direct relationship of Equality (EQ) and Organizational performance (OP) (Beta = 0.727; t=18.705).
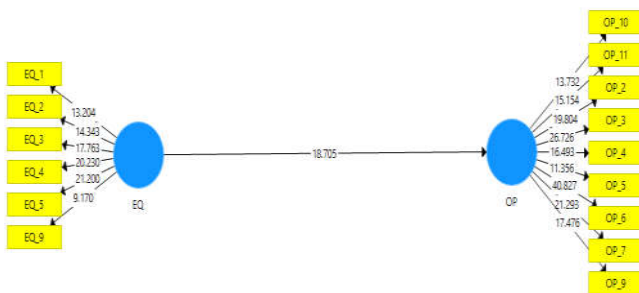

Figure 3. Structural Model

Table 5. Result of Hypothesis Testing

Hypothesis	Beta	Standard Error	T Statistics	P Values	Decision
EQ -> OP	0.727	0.039	18.705	0.000	Supported

Table 6. Coefficient of Determination

	R Square
OP	0.529
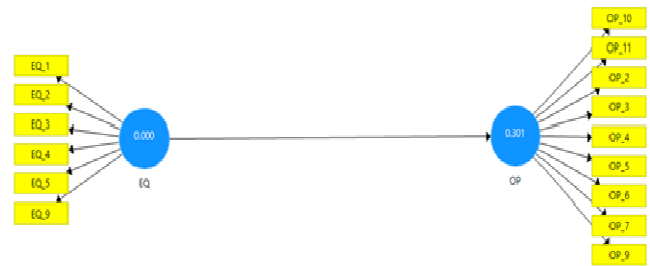
Figure 4. Blindfolding

Table 7. Predictive Relevance

Total	SSO	SSE	1-SSE/SSO
Organizational Productivity	990.000	692.041	0.301

In addition, the R^2 represent the predictive accurateness of the model, it signifies the collective effects of the exogenous latent constructs on the endogenous latent construct as proposed by Hair *et al*., (2014). Table 6 indicates the variance explained (R2) in the endogenous variable and the path coefficients for the study model. Also, in Table 7 and Figure 4, the result from blindfolding and Predictive relevance (*Q2*) of the latent endogenous construct is higher than zero. This clearly shows that the model has predictive relevance (Chin, 1998; Hair et al., 2014; Hayes et al., 2009)

CONCLUSIONS AND RECOMMENDATIONS

This paper discusses the effect of equality on organizational performance, the Islamic approach. The primary data was analysed using Smart PLS 3. The result indicated that equality is significantly related to organizational performance. The study also highlighted that, in organization, equality/justice is encouraged and inequality is totally condemned by Islam. The study also found that as equality improves the organizational performance, inequality can lead to higher stress levels, which in turn can result in health defect to those personally attacked. Apart from physical effect, there are also mental effects on the employee that include; depression, developing anxiety disorders, loss of self-control leading to the employee becoming hostile or even attempting suicide. It may lead to immoral acts such as intoxication as a means of coping with the situation at work. The effect of discrimination also affects the organization as a whole due to loss of manpower and cost of hiring and training of new workers. Managers are therefore to ensure equal treatment of employees when it comes to recruitment and selection, conditions and benefits of service, training, transfer or promotion and retrenchment or dismissal. They should avoid discrimination based on gender, religion, ethnic or any affiliation. Future research is suggested to test the other variables that influence organizational performance from Islamic point of view.

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