Does employee relations climate mediate the effect of Islamic work ethics on organizational performance? Evidence from Qatar

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Abstract

Purpose – Building on the resource-based view (RBV) and the theory of other orientation, this study aims to examine the association between Islamic work ethics (IWEs) and organizational performance highlighting the role of employee relations climate as an underlying mechanism.

Design/methodology/approach – Data were collected from 239 employees working in diverse sectors in the state of Qatar. Structural equation modeling of partial least squares was used to analyze the data of the study.

Findings – The results suggest that IWEs positively impact organizational performance and employee relations climate. Furthermore, employee relations climate demonstrated to play a mediating role in the IWEs-organizational performance link.

Practical implications – The study can be used by administrators pertaining to the importance of IWE and employee relations climate to cultivate higher organizational outcomes such as organizational performance.

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This research has received no funding. The Institutional Review Board approval to conduct the research was granted from the institution of the third author.
1. Introduction
Nowadays, there is an ongoing quest for new management mindsets, tactics and approaches that can enable organizations to sustain their competitive advantage to flourish in this fast-changing business environment (Azeem et al., 2021; Waheed and Zhang, 2022). Among the adopted tactics, organizations have started to reinforce work ethics to ensure high levels of organizational performance (see a content analysis of 109 articles; Kalemci and Kalemci Tuzun, 2019). In general, ethics is about what is right, what is proper and correct behaviors (Sullivan, 2009). More specifically, organizational ethics concern establishing and using principles of conduct that govern the interactions between the stakeholders in certain businesses (Murtaza et al., 2016). With this realization, management in Middle Eastern organizations has started to adopt standards and principles of business ethics rooted in Islamic principles (Qasim et al., 2021; Mohammad et al., 2018; Hassi et al., 2021). This is because the vast majority of employees working in Middle Eastern organizations are Muslims; therefore, it is of utmost necessity for managers of these organizations to understand the value of adopting Islamic work ethics (IWEs; Javed et al., 2017). IWEs refer to “a set of ethical concepts that organize and direct employees’ attitudes and behaviors in the workplace in order that they’re congruent with the lessons of the Holy Quran and the teachings of Prophet Muhammad (saw)” Ali (1988). In general, IWEs affirm the need for cooperation at work and creativity (Aldulaimi, 2016), dedication, hard work and honesty (Mohammad et al., 2018), all of which are important perquisites for organizational success and greater performance. Based on that, instilling IWEs appear to increase the quality and the efficiency of an organization (Aldulaimi, 2016). Evidence from the literature suggests that IWEs can contribute to generating positive work-related outcomes. For example, IWEs demonstrate to depict a positive association with information sharing behavior (Murtaza et al., 2016), innovative work behavior (Javed et al., 2017), job performance (Hassi et al., 2021), job satisfaction (Gheitani et al., 2019), organizational citizenship behavior (Alhyasat, 2012), wellbeing (Raja et al., 2020), task performance (Qasim et al., 2021), loyalty (Ali and Al-Kazemi, 2007), helping behaviors (De Clercq et al., 2018) and employees’ perceptions of organizational justice (Mohammad et al., 2018). In addition to that IWEs were reported to play a buffering role in the positive link between despotic leadership and job dissatisfaction (Islam et al., 2020). However, there is a dearth of research exploring the linkage between IWEs and organizational performance. Previously, an exceptional piece by Grassa and Gazdar (2014) reported that Islamic banks in Gulf Cooperation Council (GCC) countries showed a better performance in comparison to conventional banks. More recently, Aziz et al. (2022) found that IWEs positively impact environmental performance of Pakistani small and medium enterprises. We extend this line of inquiry and ask: are IWEs related to organizational performance? Furthermore, it is not clear how IWE relate to organizational performance. While Aziz et al. (2022) explored corporate social responsibility as a mediator...
between IWEs and organizational performance, there seems to be a limited understanding of the other underlying mechanisms between IWEs and organizational outcomes. Accordingly, scholars have called for further research asking to explore the effect of IWEs on organizational variables (Mohammad et al., 2018) and other mediating variables between IWEs and work outcomes (Javed et al., 2017; Qasim et al., 2021). We, therefore, further ask: what is the underlying that explains the link between IWEs and organizational performance? Furthermore, despite recent increase in interest in IWEs, the previous studies suggest that there is a limited amount of research on IWEs and their impact on organizational performance in Middle Eastern countries. Hassi et al. (2021) and Aziz et al. (2022) have called to conduct more research on the outcomes of IWE in different Islamic countries. Therefore, to respond to the aforementioned research calls, we propose a model of the effects of IWEs on organizational performance (as assessed by organizational members) in Qatari organizations through the mediating mechanism of employee relations climate (Figure 1). Employee relations climate reflects a “high-engagement, employee-focused culture that provides conditions for employees to contribute to organizational performance and overall effectiveness” (Riordan et al., 2005; Schuster, 1998). This kind of climate can be used as a representation of how an organization manages its personnel in an effective manner (Ngo et al., 2008). We argue, through the lens of the resource-based view (RBV; Barney, 2001; Wernerfelt, 1984) that IWEs represent an important organizational resource that can lead to organizational performance. Furthermore, in the light of the theory of other orientation (Meglino and Korsgaard, 2004), we argue that employee relations climate acts as a mediator between the association of IWEs with organizational performance. This is important because employee–employer relations stimulate engagement, motivation, performance and loyalty (Sahoo and Sahoo, 2019; Tansel and Gazioğlu, 2014). To this end, we argue that our research contributes to the literature in three ways. First, we advance research on IWEs by identifying a new linkage between IWEs and organizational performance in the Arab Middle Eastern context. Second, organizational climate has long been recognized for its mediating role (Robertson and Carleton, 2018). Thus, extending this line of inquiry, we introduce employee relations climate as a potent underlying mechanism in the relationship between IWEs and organizational performance. Qatar is a Muslim country and the importance exploring the outcomes of IWEs is warranted. The importance of IWEs for Qatari organizations can be highlighted because one of the four main pillars of Qatar Vision 2030 is social development, i.e. development of a just and caring society based on high moral standards. Calls for future research have been made to explore the concept of IWEs in different Islamic countries (Hassi et al., 2021). The calls are grounded in previous research finding a variance in Islamic values across various Islamic groups (Inglehart, 2017). Finally,
the study combines two significant theoretical frameworks – the RBV and the theory of other orientation – to produce a thorough model that clarifies the complicated relationship between IWEs, employee relations climate and organizational performance. The study has implications for management and HR in implementing IWEs and a highly engaged employee-focused climate to achieve better organizational performance. The remainder of the paper is organized as follows: Section 2 presents the theoretical background and hypotheses; Section 3 offers the methodology and Section 4 the results. Finally, Sections 5 and 6 present the discussion, implications and limitations.

2. Theoretical background and hypotheses development

2.1 Resource-based view and the theory of other orientation

RBV theorizes that organizational success is governed by the unique resources an organization possesses and controls relative to other organizations (Amit and Schoemaker, 1993). In order for a focal organization to gain a competitive advantage over other organizations, the resources should be valuable, rare, non-interchangeable and imperfectly mimicable (Barney, 2001; Amit and Schoemaker, 1993). Competitive advantage is defined as "when a firm is implementing a value-creating strategy not simultaneously being implemented by current or potential competitors" (Barney, 2001, p. 102). Thus, competitive advantage occurs when the resources are diverse (i.e. unevenly distributed and deployed across firms) and steady (i.e. when they are not easily obtained or reproduced by competitors; Barney, 2001). Resources having these features create value for an organization.

This core principle of the theory of other orientation is based on evolutionary perspectives on altruism (Brewer, 2004). These perspectives suggest that due to the limitations of bounded rationality, using rare intellectual resources on rational judgment and personal experiences can be harmful for an individual's existence. Whereas individuals who reply on heuristic processing that is openness to social influence can acquire information more quickly and with fewer risks and costs (Lester et al., 2008). Heuristic processing involves a less rational process of matching behavior to norms and social expectations. This openness to social influence is inseparably tied to other orientation. Individuals with other orientation are less apt to engage in rational processing and more likely to rely on norms and social cues that promote collective interests, albeit occasionally at the expense of individuals' self-interest (Meglino and Korsgaard, 2004; Korsgaard and Meglino, 2010).

2.2 Islamic work ethic and organizational performance

The significance of work in Islam, according to Ali (1988), is derived from the linked intent to work rather than the job output. Researchers have emphasized the concept of work in Islam. Abeng (1997), for example, underlined the value of productive work, noting that work is addressed in the Holy Quran more than 50 verses. Work is considered a sincere and determined effort in Islam, and it motivates people to seek “halal” or permissible gain for themselves, others and society as a whole (Graafland et al., 2006; Qasim et al., 2021; Ragab Rizk, 2008). IWEs highlight devotion to work as a virtue, welcome cooperation and advice at work and focus on a dedication to the job, teamwork, loyalty and prevention of unethical and corrupt work practices like lying, cheating, stealing and bribery (Qasim et al., 2021). IWEs are rooted in the teaching of the holy Quran, Sunnah and Ahadith [i.e. sayings and practices of the holy Prophet Muhammad (SAW); Ali, 1988; Mohammad et al., 2018]. The holy Quran, Sunnah and Ahadith are considered a wholistic, authentic and trustworthy code of ethics in all realms of life (Qasim et al., 2021). These ethics emphasize the importance of work and forbid followers to engage in impractical immoral and destructive activities (Murtaza et al., 2016). IWEs encourage followers to earn from lawful means and prohibit
earning through unlawful activities (Qasim et al., 2021). Furthermore, IWEs preach honesty and dedication in work and working for the benefit of others (Mohammad et al., 2018; Murtaza et al., 2016).

The association between IWEs and organizational performance can be understood through the lens of RBV (Wernerfelt, 1984; Barney, 2001). The RBV idea posits that success is decided through the resources a corporation controls and the distinctiveness of those relative to different firms (Amit and Schoemaker, 1993). Numerous intangible resources that are regarded to be “socially complex” and particularly important in providing a competitive advantage for firms have been proposed by researchers. One of those resources is work values and ethics (Manroop et al., 2014; Maurer et al., 2011). Through the perspective of RBV, IWE can be viewed as a useful resource that gives organizations a competitive edge. IWEs can improve employee commitment, motivation and productivity by promoting values like hard work, dedication and a focus on the larger good. This can have a positive effect on how well the organization is viewed to be performing. IWEs can also help the business establish a solid image and become more appealing to all types of stakeholders, including clients, investors and staff. Furthermore, RBV contends that an organization may benefit from resources that are unique, priceless, challenging to duplicate and non-substitutable. IWEs can give organizations a source of long-term competitive edge because it is a rare resource that is challenging to duplicate. RBV can help us comprehend how the distinctive and priceless resource that IWEs offer to the organization can be used to account for the association between IWEs and organizational success. As indicated in the introduction, considering the positive effects of IWEs on employees and organization-related outcomes, IWEs may be considered a valuable resource in terms of improving the efficiency and effectiveness of organizations. From such a perspective, IWEs may lead to an organizational setting that is highly ethical due to diligence in efforts, dedication to goals, helping others and avoiding corruption (Qasim et al., 2021). Limited prior research shows that ethics are seen not as a cost or impediment to business, or as something merely to be pursued by compliance or efficiency strategies, but as a source of strategic business opportunities and competitive advantage. For example, Berrone et al. (2007) found that ethical values in organizations lead to positive externalities and intangible gains that create better return on investment in improved organizational performance. In other words, Gagne et al. (2005) argued that highly unethical organizations may risk declined market shares, high employee turnover rates, reduced profits and poor relationships with suppliers. Jin and Drozdenko (2010) found that ethical and socially responsible values are significantly associated with organizational performance. Limited prior research has explored spiritual values positively impacting competitive advantage and organizational performance (Garcia-Zamor, 2003; Saadatyar et al., 2020). Based on this we argue that employees with IWEs will have the clarity that the company wants to “do well by doing good” because IWEs support the notion that humanity can get wealth and realistic living standards by doing work and trade (Qasim et al., 2021). Based on these arguments we propose:

$H1$. IWEs positively impact organizational performance.

2.3 Employee relations climate as a mediator

Organizational climate states employees’ shared perceptions regarding the work behaviors that are encouraged, supported and rewarded in a specific organizational setting (Schneider, 1990). It is a construct that refers to a climate for “something” or in other words, focused climates (Schneider, 1975; Schneider et al., 1998); for example climate for innovation (Anderson and West, 1998), safety (Hofmann and Stetzer, 1996; Siddiquei et al., 2023), service (Schneider et al., 1980), initiative (Thabet et al., 2023), greening (Badar et al., 2023) etc.
The focus of our research is on employee relations climate. Employee relations climate is a human resource index that reflects an employee-centered high-involvement culture that triggers positive contributions and enables them to add value to organizational performance (Schuster, 1998). Employee relations climate assesses different aspects of the organizational climate, such as employee interpersonal communication, relationships, participation and work performance. Furthermore, this variable has been addressed in only few studies (Ali et al., 2018; Ngo et al., 2008; Xi et al., 2017).

Prior research shows that values related to ethics have effects on organizational climate, especially ethical climate (see a review of 102 articles on ethical climate Newman et al., 2017). The theory of other orientation (Meglino and Korsgaard, 2004) can be used to justify the relationship between IWE and employee relations climate. Other orientation is described as the degree to which people are concerned about the welfare of others, according to the theory of other orientation. The theory’s core principle is that people with a higher other orientation will use less rational and self-interested reasoning when pursuing other-oriented goals and will, thus, be less apt to consider potential consequences to the self when making choices and acting (Meglino and Korsgaard, 2004; Korsgaard and Meglino, 2010). Islam encourages collaboration on the workplace and focuses on teamwork and loyalty (Murtaza et al., 2016; Qasim et al., 2021). Therefore, based on the theory of other orientation, IWEs place a strong emphasis on the value of treating people with respect, fairness and kindness, encouraging a feeling of community, and putting the common good ahead of personal interests. This focus on other-oriented values and behaviors can foster a positive employee relations climate where there is trust, respect and a feeling of community, which can improve employee commitment, engagement and satisfaction. Through the lens of the theory of other orientation, IWEs can be seen as a key driver of the employee relations climate, as IWEs encourage employees to adopt other-oriented values and behaviors that promote a positive workplace environment (Murtaza et al., 2016). Employees who share these values are likely to demonstrate behaviors such as cooperation, communication and teamwork, which can enhance the employee relations climate. Therefore, we hypothesize:

**H2.** IWEs positively impact employee relations climate.

Employee relations climate produces a social environment that displays strong involvement and an employee-centered culture in which employees feel valued and contribute to company success (Ali et al., 2018; Riordan et al., 2005). As such, employees who perceive a climate of employee relations will have a good feeling of participation, trusting relationship and involvement in sharing and communicating information in the organization (Ali et al., 2018). When there is such a collaborative effort toward the achievement of tasks and goals, organizational performance should also be improved (Riordan et al., 2005). For example, Prior research has reported ethical climate positively impacts organizational performance (Lee and Ha-Brookshire, 2017; Hijal-Moghrabi et al., 2015). Accordingly, we hypothesize:

**H3.** Employee relations climate positively impacts organizational performance.

In conjunction with the above arguments, we suggest that IWEs set the climate for employee relations, thereby leading to better organizational performance. Previous research has considered a few factors, such as innovative work behavior (Javed et al., 2017), psychological capital (Qasim et al., 2021), perceived organizational justice and psychological ownership (Mohammad et al., 2018) linking IWEs with performance-related factors. While organizational climate has long been recognized for its mediating role (Robertson and Carleton, 2018), no prior research has investigated organizational climate, particularly
employee relations climate as a possible mediator of the relationship between IWEs and organizational performance. Therefore, in line with our discussion in the previous sections, we propose that employee relations climate can act as an intervention mechanism to set up the links between IWEs and organizational performance. Hence, we posit that:

\[ H4. \text{ Employee relations climate mediates the positive relationship between IWEs and organizational performance.} \]

3. Methods
This research follows a quantitative methodology and a survey strategy which is very common and has been used extensively in business and management research (Saunders and Lewis, 2017). Data in this research were gathered from 239 employees working in different sectors in Qatar. Those sectors were public, private, consultancy and nongovernmental organizations. We relied in this research on the snowballing sampling technique in which all respondents were reached online. Respondents were reached using referencing in which the respondents were approached through referrals from researcher contacts and snowballed from that network. GCC represent a context in which relationships and connections are particularly significant. According to Woodhams et al. (2015), snowballing sampling is the best method in contexts where respondents tend not to respond well to strangers unless a trusted contact refers to the “stranger.” This technique was used in previous religion-focused studies (Kutcher et al., 2010). Approval to conduct the study was obtained from the Qatari university of one of the researchers. Each questionnaire was attached with a cover letter explaining the research objectives and underlining the privacy of personal information gathered, and the voluntary participation in the study. The questionnaire was subject to a back-translation technique in which the constructs’ items were translated into Arabic (The official language at the Qatari workplace). The back-translation technique was accomplished by a professional bilingual native speaker. Following Hair et al. (2019), a pilot study was conducted with 30 employees to check for the clarity of the language used and the familiarity of these employees with the research variables. This stage resulted in no significant amendments. According to Hair et al. (2019), pre-testing is needed with a relatively small number of respondents, especially when the topic of investigation is new. They also argued that pilot testing is a pre-testing used for refining or updating measures.

The questionnaire’s items were gauged using a 7-point Likert scale. Among the respondents, 63.6% were males, whereas 36.4% were females. 43.5% had a diploma degree, 43.1% had a bachelor’s degree, 5.4% had a master’s degree, 2.5% had a PhD and the rest had high school. The average age of these respondents was 35.6 years and the average experience of 6.8%. They represented 84.5% of employees from the public sector, and 8.8% from the private sector, while the rest were working in consultancy/academic or non-governmental organizations.

3.1 Scales
IWEs: This construct was measured using the 12-item scale developed by Aboramadan et al. (2022). Items were assessed using a 7-point Likert scale in which 1 indicates absolute disagreement and 7 reflects absolute agreement. A sample item was “Laziness at work should be avoided.” The Cronbach alpha for this construct was 0.928.

Employee relations climate: We borrowed the 6-item scale originated by Schuster (1998). Items were assessed on a 7-point Likert scale with 1 indicating “absolute disagreement”
and 7 “absolute agreement.” A sample item was “Employees can freely discuss job-related issues with their supervisor.” The Cronbach alpha for this construct was 0.942.

**Organizational performance (employees’ perceptions):** This construct was assessed using a four-item scale adapted from Khandwalla (1977). This scale has been extensively used in many similar empirical studies (Farouk et al., 2016; Moideenkutty et al., 2011; Obeidat et al., 2020; Terry Kim et al., 2013). Employees assessed organizational performance in the last three years in comparison with other organizations. This was gauged via a 7-point Likert scale with 1 indicating “very bad performance” and 7 “outstanding performance.” A sample performance criterion was “Quality of product and services provided.” The Cronbach alpha for this construct was 0.900.

**Control variables:** We control the study for the sector to see its effect on organizational performance and employee relations climate. This was controlled to ensure all the effects on the dependent variable come from the investigated independent variables (Hair et al., 2019).

### 3.2 Data analysis

Data in this study were analyzed using structural equation modeling, specifically the partial least squares “PLS” using Smart PLS V3.3.6 (Hair et al., 2021). PLS is a statistical procedure that extends multiple regression and deals with various relationships (multivariate) between study variables. By using PLS researchers can avoid many problems related to the nature of data and model complexity (Hair et al., 2019). In addition, PLS is widely used in several research domains such as human resources management, strategy and tourism (Ali et al., 2018; Hair et al., 2012; Ringle et al., 2020). In contrast to covariance-based structural equation modeling, this statistical method deals with ordinal measured and measurement errors in correlation-based structural equation modeling (Rademaker et al., 2019; Schuberth et al., 2018). Using the PLS algorithm, we check for direct and indirect effects to verify our research’s hypotheses. Furthermore, we rely on the 5000 samples bootstrapping technique at a 95% confidence interval to estimate the indirect effects. Finally, SPSS 24 was used to obtain Pearson correlations, internal reliability values and the Harman single-factor test.

### 4. Results

#### 4.1 Assessing the model

The results in Table 1 indicate that loadings were ranging between 0.579 and 0.930. These loadings were significant ($p < 0.001$). To assume convergent validity and reliability, both average variance extracted (AVE) and composite reliability (CR) were computed. According to the results, the values of the AVE (CR) were as follows: 0.505 (0.923) for IWEs, 0.730 (0.942) for employee relations climate and 0.690 (0.899) for organizational performance. Since AVE and CR values were higher than 0.50 and 0.70, respectively, convergent validity and reliability are established (Fornell and Larcker, 1981a).

Furthermore, we have checked for Discriminant validity using two methods. First, we estimated the heterotrait–monotrait (HTMT) ratios. Results presented in Table 2 suggest that all HTMT ratios were below 0.850, which is the threshold suggested by Henseler et al. (2015). These results provide evidence of discriminant validity. Second, discriminant validity was further checked using the (Fornell and Larcker, 1981b) criterion. According to this criterion, all intercorrelations should be lower than the square root of the AVE. Table 3 suggests that all Pearson correlations were below the square root of the AVE, providing another evidence of discriminant validity.
4.2 Common method bias

In this research, statistical and procedural remedies were applied to mitigate common method bias (CMB) (Podsakoff et al. 2003). Statistically, we have examined the Harman single-factor test. The results of this test indicated that only 41% of the variance is explained by a single factor where all items are loaded on it. This explanation in the variance is below 50% (Podsakoff et al. 2003). Another statistical remedy applied was the estimation of the variance inflation factor (VIF). In this research, all VIF values were below the point of 3. According to Kock (2015), when VIF values are below 3.3 in PLS modeling,
CMB is less likely to be a problem. Procedurally, we have followed some remedies. First, approval from each participant was obtained highlighting that the participation is completely voluntary. Second, we have assured the participants in the study that their personal information will be kept confidential and will not be shared. Third, participants were encouraged to participate in the study through making the survey more participant-friendly, short and clear. Furthermore, we tried to minimize the refusal rate through follow-up and providing information to the participants explaining the importance of conducting this research in the Qatari context. Finally, participants were promised to get descriptive analysis of the study as an incentive for their participation. Based on the above-explained remedies, we conclude that CMB is less likely to contaminate our data.

4.3 Hypotheses testing
Before verifying the research’s hypotheses, model fit indices and predictive relevance were estimated. First, the standardized root mean square residual (SRMR), and normed fit index (NFI) were satisfactory and below 0.08 for SRMR (Henseler et al., 2015) and below 0.90 for NFI (Lohmöller and Lohmöller, 1989). The results were as follows: SRMR = 0.071 and NFI = 0.920. The predictive relevance (Stone–Geisser’s Q2) was also satisfactory since Stone–Geisser’s Q2 values were higher than 0 (Hair et al., 2016). The Q2 values were 0.080 for employee relations climate and 0.432 for organizational performance. On another note, the findings presented in Figure 2 indicate that IWEs positively predict organizational performance ($\beta = 0.136$, $t = 3.25$, $p < 0.01$). This lends support for $H1$. IWEs are found to be positively associated with employee relations climate ($\beta = 0.345$, $t = 5.33$, $p < 0.001$). This confirms $H2$. Employee relations climate exerts a positive effect on organizational performance ($\beta = 0.762$, $t = 17.46$, $p < 0.001$), suggesting that $H3$ is confirmed. Finally, in support of $H4$, employee relations climate is found to mediate the effect of IWEs on organizational performance ($\beta = 0.263$, $t = 5.128$, $p < 0.001$, LLCI = 0.167, ULCI = 0.368).

<table>
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<th>Variable</th>
<th>IWEs</th>
<th>Employee relations climate</th>
<th>Organizational performance</th>
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<td>Employee relations climate</td>
<td>0.389</td>
<td>0.807</td>
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<tr>
<td>Organizational performance</td>
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Source: Created by authors

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<td>2. Education</td>
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<td>0.786</td>
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<td>-0.305**</td>
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<td>4. Experience</td>
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<td>0.651**</td>
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<td>5. Sector</td>
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<td>0.398**</td>
<td>0.748**</td>
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Notes: **significant at 0.01 level; *significant at 0.05 level
Source: Created by authors
The results also suggest that the sector did not yield any significant results in the SEM model. Moreover, the inclusion of the sector did not affect the $R^2$ values. Finally, our model explained 11.9% of the variance in employee relation climate and 67.1% in organizational performance.

5. Discussion
Drawing from RBV and the theory of other orientation (Barney, 2001; Meglino and Korsgaard, 2004; Wernerfelt, 1984), we investigated the relationship between IWEs and organizational performance along with the mediating role of employee relations climate. Our results showed that IWEs positively and significantly influence organizational performance, likely owing to IWEs being considered as a valuable organizational resource. Our results were consistent with the findings reported by prior research shedding light on the positive association of ethical values with organizational performance (Berrone et al., 2007; Gagne et al., 2005; Jin and Drozdenko, 2010; Garcia-Zamor, 2003). Furthermore, our findings indicated that IWEs are significantly and positively associated with employee relations climate. Employee relations climate was found to positively influence organizational performance likely due to construction of a social environment in which employees feel valued and contributes to company success. Our results are consistent with the findings of previous studies reporting values building up an ethical climate (review of 102 articles Newman et al., 2017). For example, Schminke et al. (2015) found that values influence perceptions of both procedural and overall justice climate. Furthermore, our results also align well with prior research reporting ethical climate is positively associated with organizational performance (Lee and Ha-Brookshire, 2017; Hijal-Moghrabi et al., 2015). Finally, we found that employee relations climate positively mediates the relationship between IWEs and organizational performance. In the previous research, researchers have found organizational climate acting as a mediator (see a 46-year review of the construct Schneider et al., 2017).

5.1 Implications for theory
This study adds to the pool of knowledge by being the first to develop relatively novel links concerning IWEs, namely, the effect of IWEs on organizational performance and the

Notes: Sector as a control was not significant. IWEs $\rightarrow$ employee relations climate $\rightarrow$ organizational performance ($\beta = 0.263^{***}$, $t = 5.128$, LLCI = 0.167, ULCI = 0.368). LLCI: Lower-level confidence interval, ULCI: Upper-level confidence interval, $\beta$: standardized coefficients for direct effects and indirect effects. ***Significant at 0.001 level. **Significant at 0.01 level

Source: Created by authors

Figure 2. Structural model
mediating role of employee relations climate between the IWEs-organizational performance relationship. In doing so, the study extends the work values/ethic literature in the following ways. First, at the theoretical level, our study provides additional support to RBV and the theory of other orientation (Barney, 2001; Meglino and Korsgaard, 2004; Wernerfelt, 1984), demonstrating IWEs as an organizational resource relating to higher organizational performance and as the other orientation relating to employee relations climate. Second, the current study contributes significantly to the theoretical work of IWEs and organizational performance by incorporating the mediating role of employee relations climate. The results confirm that employee relations climate is an underlying mechanism through which IWEs links with organizational performance. This result stresses the essential role of organizational climate as a mediator. Finally, the current study explored the model in the Arab Middle Eastern context (Qatar).

5.2 Implications for practice
The findings of this study have significant implications for managers, predominantly HRM, in local and multinational organizations operating in an Islamic environment. Managers in these organizations must have a thorough awareness of the Islamic principles that are important to work, as well as how to implement these values in the workplace. Consequently, while developing ethics codes, HRM should be able to address and incorporate Islamic ethical issues in the code. Furthermore, HRM should conduct training programs to impart Islamic ethics and values and emphasize the importance of these values in improving the organization’s performance. Finally, during the recruitment, attraction and selection process, applicants considered more Islamically ethical should be targeted. This could be achieved by providing more details about IWE in the job advertisements.

The findings of the study have specific implications in the Qatari context. The values and beliefs of Islam are firmly ingrained in Qatari culture, and IWEs reflect societal norms and expectations. According to our findings, organizations that support IWEs and its core principles are more likely to perform well than those that do not. The context in Qatar is marked by a high level of collectivism (House et al., 2004) and an emphasis on social harmony, which highlights the significance of fostering strong relationships among employees. Our results indicate that organizations that promote a positive work environment for their employees are more likely to reap the rewards of IWEs’ beneficial effects on organizational performance. Thus, managers in Qatari companies should place a high priority on promoting IWEs principles and beliefs and cultivating a positive work environment to improve the performance of their organizations. This could involve actions like IWEs value-reinforcing training programs, performance review procedures and incentive and recognition systems.

6. Limitations and future research
The study has some limitations to be addressed. First, causality conclusions cannot be drawn due to the cross-sectional nature of this research. Therefore, future studies may consider adopting longitudinal research designs. Second, the generalization of the results is limited because data in this study come from a sample of employees working in Qatar. Hence, future research may consider replicating the research model in not only other GCC countries such as UAE, Saudi Arabia and Oman but other Islamic countries as well. Third, in this study, we measure organizational performance with employees’ perceptions. Although this approach has been used before (Delaney and Huselid, 1996; Farouk et al., 2016), we recommend future research use objective measures or measures based on managers’ perceptions to assess organizational performance. Fourth, the study relied on only a seven-point Likert scale to
measure all the variables, nevertheless future research may consider using different measuring points to minimize the CMV. Fifth, the study examines only employee relations climate as an intervening mechanism in the relationship between IWEs and organizational performance. Future studies can look at other types of climates such as climate for creativity, climate for initiative and social climate. Finally, it will be interesting to examine the effect of IWEs on other outcome variables such as productivity, financial performance, etc.

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