



CONTACT THEORY AND ISLAMIC JUSTICE: A FRAMEWORK FOR ETHICAL WAGE SETTING IN MUSLIM ORGANIZATIONS

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Abstract

The fairness of wages is an economic and moral requirement in Muslim organizations, where remuneration should meet the standards of organizational justice and fulfill the Islamic ethical responsibility. This paper creates an integrative model that bridges the gap between the Contact Theory, which focuses on fairness by transparent and cooperative interaction, and Islamic principles of justice, including adl (justice), ihsan (benevolence), amanah (trust), and maslahah (public good). Twenty-nine peer-reviewed articles were thematically synthesized using a Systematic Literature Review (2000-2025). Multidisciplinary databases were used to sample the studies. The results indicate that the managerial practices that involve contact can improve procedural and interactional justice, whereas Islamic principles can define the substantive moral limits in regards to wage decision-making. The resulting dual-lens framework connects the ethical standards to the processes of participation, developing an example of the spiritually responsible and socially integrated wage regulation. The paper adds to the body of theory by linking organizational psychology with Islamic ethics and provides practical advice to Muslim managers looking to establish sustainable and trust-based human resource systems that are built on the principles of fairness and faith.

Keywords: *Contact Theory, Islamic Justice, wage setting, Islamic Finance and Muslim Organizations*



INTRODUCTION

The issue of wage fairness has been a topic of economic as well as ethical discourse. The problem of the fair wage, in modern organizations, is not a just a technical challenge of market equilibrium but also a moral one, which affects trust, motivation, and social cohesion in the workplace (Greenberg, 1990; Colquitt et al., 2013). In the case of Muslim organizations, this issue is more complicated, as the wage-setting procedures have to comply with not only the universal requirements of the organizational justice but also the ethical demands based on the Islamic doctrine. It is due to these dual expectations of secular fairness on one side and religious accountability on the other that can be seen as creating a special opportunity of looking into new schemes of integrating various traditions of justice.

Contact Theory is one of the helpful lenses in the study of fairness which was first developed by Allport (1954) as a means to minimize prejudice and negativity in interactions between groups by having them positively interact. Though initially used in the context of intergroup relations, researchers subsequently applied it to the organization, implying that reasonable and transparent relations among employees and employers may decrease the perception of inequality and lead to trust (Pettigrew and Tropp, 2006). In the context of wage-setting, contact theory suggests that when there is long-lasting and substantive interaction between the management and the workers, the latter will start to become less suspicious, have more beliefs that there is fairness and have greater cohesiveness in the organization (Choi and Jarrott, 2021).

At the same time, Islamic ethical thought offers a rich set of principles on justice in economic life. The Qur'an and Hadith emphasize *'adl* (justice) and *ihsan* (benevolence) as central to all forms of human interaction, including employment (Iqbal et al., 2024). The Prophet Muhammad (peace be upon him) is reported to have said, "*Give the worker his wage before his sweat dries*" (Ibn Majah, Hadith No. 2443), underscoring the urgency and fairness required in compensation (Johari, 2023). According to Islamic scholars, wages are not a contractual transaction, but an amanah (trust) that shows responsibility before God and society (Wahab & Ismail, 2019; Asutay, 2012). Therefore, determining wages in Muslim institutions cannot be constrained to efficiency or market rationality but must be a manifestation of distributive justice, dignity and defense against exploitation (*zulm*).

Wage-Setting in Islamic Finance and HRM Contexts

Within the broader context of Islamic finance, the notion of wage fairness is directly connected to the concept of risk-sharing, fairness and ethical responsibility. Islamic finance incorporates moral and social aspects of the economy, unlike traditional economic models that

tend to focus mainly on profit maximization (Yasmeen, 2023). Indicatively, other contracts like *mudharabah* and *musharakah* emphasize equal distribution of profit and loss on the basis of the notion that financial relationships are to be based on fairness and reciprocity (Iqbal and Mirakhor, 2011). These principles are directly applicable in wage-setting, as the compensation should be such that it should not just be a payment of labor, but should not exploit or deprive workers of their just portion of value creation.

In the context of Human Resource Management (HRM), the Islamic views of wages are related to the larger understanding of *maqasid al-shariah*, which is the aims of the Islamic law, which encompass the preservation of the dignity, wealth, and social justice (Dusuki and Bouheraoua, 2011). The HRM practices within the Muslim organizations should thus extend beyond the labor laws to the HRM practices that uphold the values of trust (*amanah*), responsibility (*mas'uliyah*), and benevolence (*ihsan*) (Wahab and Ismail, 2019). A wage system that contravene such principles like paying low wages, paying late or discriminative in relation to some employees would not only be inefficient, but also would be unethical on the Islamic perspective (Abu-Tapanjeh, 2009).

The literature is, clear on the fact that Muslim-majority nations still struggle to reconcile HRM practices with Islamic ideals of justice. The wage inequality, underemployment, and informal labor markets are the prevalent issues, which tend to cause disputes and the loss of employee trust (Toumi & Su, 2023; Kamla and Alsoufi, 2015). These problems bring into focus the need to have a more powerful framework that can inform organizations when it comes to reconciliation between the market realities and Islamic ethical imperatives.

Bridging Contact Theory and Islamic Justice

Although these parallel discourses exist, past studies have preferred to separate them. Organizational justice studies have been preoccupied with Western management literature which is based on secular equity, fairness, and motivation theories (Adams, 1965; Greenberg, 1990). Meanwhile, Islamic economics and human resource management studies have concentrated on religious principles and have not usually involved modern organizational psychology or sociology (Kamla & Alsoufi, 2015). This leaves Muslim organizations in the middle of these two worlds: they either embrace imported HR models, which do not resonate with their ethical commitments, or they only use traditional guidance which may not be operational in the current work environments.

Contact Theory can present an effective way out here. It implies that the concept of ethical wage practice can be applied not only as an economic solution to a situation but also

as a social instrument to develop trust and unity through the focus on the need to maintain and establish fair interaction between the groups (Cohn et al., 2015). In conjunction with the Islamic values, contact theory emphasizes that wages not only concern addressing economic needs but also foster just relationships between the employers and employees (Toumi & Su, 2023). Put another way, wage-setting is turned into a moral activity, as well as a tool of social integration.

Significance of the Study

The demand of a more combined strategy is urgent. There is a consistent observation that wage dissatisfaction is a cause of conflict, turnover, and low productivity in any industry (Bloom and Van Reenen, 2011). Even in the Muslim-majority settings, where religion is a key factor in the formation of the workplace culture and expectations of individuals, wage injustice may undermine organizational legitimacy and spiritual trust (Hamid et al., 2021). As an example, when workers feel they are exploited on the basis of their payment, then the organization will be seen as having defied the Islamic beliefs not only on their motivation, but also on their belief in the institutions (Abu-Tapanjeh, 2009).

Additionally, the increase in Islamic finance worldwide and the proliferation of Muslim institutions in the banking, healthcare, education, and non-governmental organizations sectors have exacerbated the demand to adopt competitively and ethically based management practices (Mahmudulhassan et al., 2025). An organizational justice framework that combines organizational justice concepts with the Islamic moral principles can therefore act as a practical guide to managers and policy makers as well as being a valuable input in scholarly discussions of HRM, business ethics and religious studies.

Aim and Structure of the Study

The aim of this study is to develop an integrative, context-sensitive framework for ethical wage-setting in Muslim organizations by synthesizing Contact Theory with Islamic justice principles through a systematic review of the literature.

To systematically review scholarship on Contact Theory, organizational justice, and wage practices relevant to workplace fairness.

To identify and synthesize Islamic justice principles (‘adl, iḥsān, amānah, maṣlaḥah) that directly pertain to wage-setting.

To propose an integrative conceptual framework that links contact conditions and Islamic ethics to actionable wage policies for Muslim organizations.

METHODOLOGY

This work follows a Systematic Literature Review (SLR) paradigm, which is generally regarded as a strong paradigm of knowledge synthesis across various research traditions. In contrast to narrative reviews which can be either selective or subjective, SLRs involve systematic and transparent procedures to reduce bias and guarantee reproducibility and comprehensiveness of the available literature (Tranfield et al., 2003). Because the current paper is intended to combine the knowledge of organizational justice theories, the application of the contact theory, and the Islamic doctrine of wage-setting, systematicity seemed to be the proper method of research on observing, categorizing, and synthesizing the related literature.

Inclusion and Exclusion Criteria

In order to ensure transparency and rigor, inclusion and exclusion criteria were developed before screening. The criteria helped to filter out all conceptually non-relevant and methodologically unsound studies that were then used in the synthesis.

Table 1: Inclusion and Exclusion Criteria

Criteria Type	Description	Inclusion Criteria	Exclusion Criteria
Publication Type	Nature and quality of the source	Peer-reviewed journal articles, academic books, or high-quality conference papers	Non-peer-reviewed sources such as blogs, dissertations, or opinion articles
Time Frame	Period covered in the search	2000–2025 (to capture contemporary debates in HRM and Islamic finance)	Publications before 2000 or lacking relevance to modern organizational contexts
Language	Language of publication	English (to ensure consistency and accessibility of analysis)	Non-English studies without translation
Research Focus	Conceptual relevance	Studies addressing justice, fairness, HRM practices, Islamic ethics, wage-setting, or Contact Theory	Studies unrelated to justice, wages, or Islamic organizational ethics
Context	Applicability to Muslim organizational settings	Research related to Islamic finance, Muslim-majority workplaces, or ethical HRM	Purely macroeconomic or theological writings without organizational implications
Methodological Quality	Credibility and clarity of findings	Empirical or conceptual studies with clear theoretical grounding	Articles lacking methodological clarity or theoretical basis

Search Strategy

The literature review was carried out in five major databases, including Scopus, Web of Science, JSTOR, SSRN, and journal articles related to Islamic finance (e.g., ISRA International Journal of Islamic Finance, Journal of Islamic Accounting and Business Research). These

sources were chosen due to representing both the mainstream literature in the field of organizational studies as well as expert research on Islamic economics and human resource management.

Table 2: Search term table

Database / Source	Search Strings (Keywords + Boolean Operators)	Coverage / Notes
Scopus	("Contact Theory" OR "intergroup contact" OR "organizational justice") AND ("wage fairness" OR "salary" OR "compensation") AND ("Islamic justice" OR "adl" OR "Islamic ethics")	Broadest coverage of organizational studies and management journals.
Web of Science (WoS)	("Contact Theory" OR "workplace justice" OR "equity") AND ("Islamic principles" OR "maqasid al-shariah" OR "ihsan") AND ("HRM" OR "wage-setting" OR "fair wages")	High-quality peer-reviewed articles; interdisciplinary sources.
JSTOR	("Organizational justice" OR "equity theory" OR "fair wages") AND ("Islam" OR "Islamic ethics" OR "Shariah")	Older but foundational works in sociology, religion, and ethics.
SSRN (Social Science Research Network)	("Islamic HRM" OR "Islamic wage" OR "business ethics") AND ("justice" OR "contact theory")	Includes working papers and recent research in business ethics & Islamic finance.
Islamic Finance Journals (e.g., ISRA, JIABR, Humanomics)	("adl" OR "ihsan" OR "Islamic wage justice" OR "employee rights in Islam") AND ("HRM" OR "organizational practices")	Specialist sources focusing on Islamic economics, Shariah principles, and HR practices in Muslim contexts

Screening and Selection Process (with PRISMA)

The articles were selected based on the PRISMA (Preferred Reporting Items to Systematic Reviews and Meta-Analyses) rules in order to make the results transparent and reproducible (Moher et al., 2009). The PRISMA model offers a systematic means of reporting the process of identification, screening, and eligibility, and inclusion of literature reviews, thus reducing bias and explaining the decisions made at every step of the process (Snyder, 2019).

As shown in Figure 1 (PRISMA flow diagram), a total of 570 records were initially retrieved from databases including Scopus, Web of Science, JSTOR, SSRN, and Islamic finance-focused journals. After removing 153 duplicates, 417 records remained for screening. Titles and abstracts were reviewed to exclude irrelevant items ($n = 93$), along with materials outside the publication date range or lacking peer-reviewed status ($n = 40$).

This left 284 reports required to be retrieved, 45 of which were not available in full text. The rest of the 239 reports were evaluated according to inclusion and exclusion criteria. At this point, articles were eliminated based on the following criteria: not written in English ($n = 28$), not

peer-reviewed (n = 45), purely theological without HRM or organizational implications (n = 51), unavailable because of technical issues (n = 25), and opinion articles such as blogs (n = 26). Another 35 articles were filtered out based on the fact that they dealt with macroeconomic problems but not employment or wages.

Lastly, the systematic review included 29 studies as the basis of the evidence. This systematic procedure guaranteed the resulting corpus of literature to be pertinent and of adequate scholarly standard to respond to the research questions.

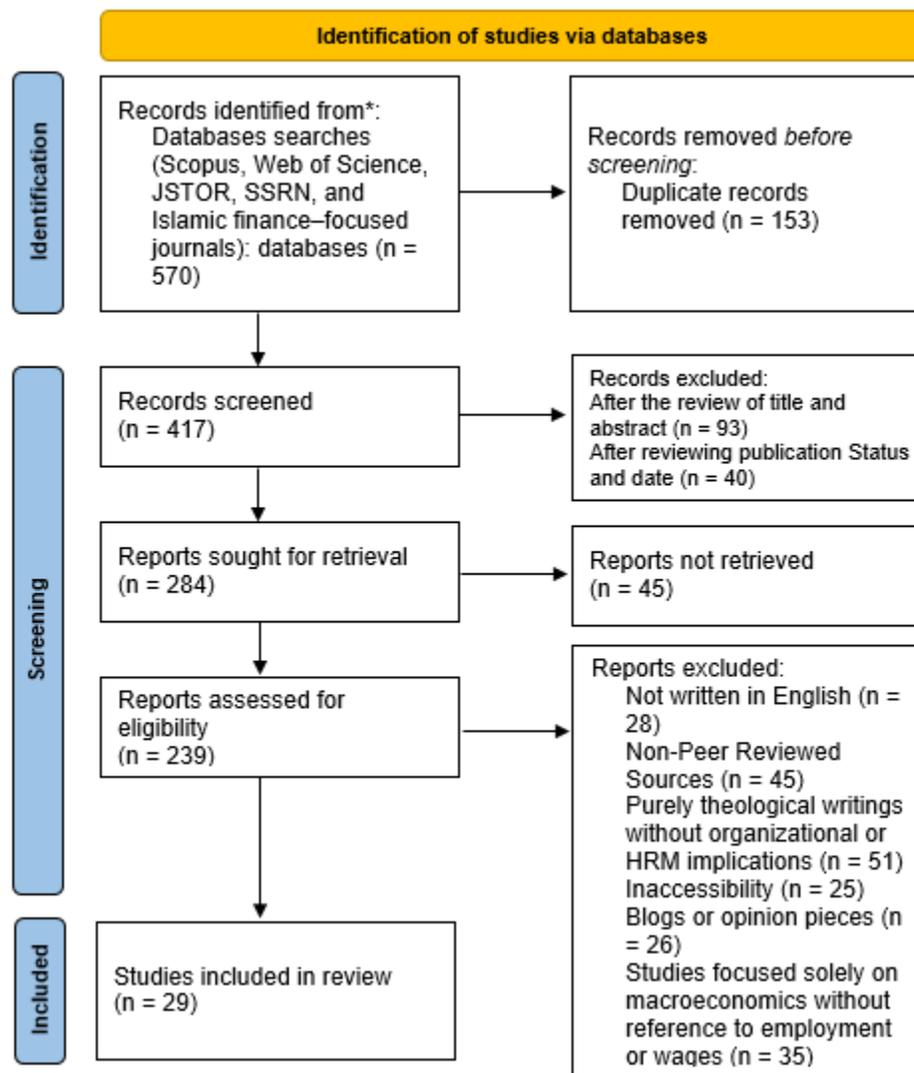


Figure 1: Prisma flow diagram for screening of articles

Analysis approach

We analyzed the final corpus using a staged thematic synthesis designed to surface concepts at the intersection of contact theory, organizational justice, and Islamic wage ethics.

First, we performed line-by-line open coding of the findings and discussion sections of each study, attaching provisional labels to segments that described mechanisms (e.g., intergroup contact conditions), justice perceptions (distributive, procedural, interactional), or Islamic ethical constructs (ʿadl, iḥsān, amānah, maṣlahah). Codes were iteratively consolidated into descriptive themes through constant comparison across sources as it is emphasized by Thomas & Harden(2008). Second, we developed analytical themes by examining how descriptive themes co-occurred within studies and across contexts (e.g., how transparent wage processes satisfy optimal contact conditions and Islamic duties simultaneously). This followed established procedures for thematic synthesis in management and social research (Braun& Clarke, 2006).

To support transparency, we maintained a data extraction matrix (study metadata, methods, key claims, and relevance to each research question). Where studies reported quantitative results, we conducted narrative aggregation (direction and strength of effects) rather than meta-analysis due to heterogeneity in designs and outcomes. We assessed study credibility with a light-touch quality appraisal using criteria adapted from established checklists (clarity of aims, appropriateness of methods, transparency of analysis). Two reviewers independently coded a 25% subsample; disagreements were resolved by discussion and codebook refinement, after which one reviewer completed coding with periodic peer checks. Lastly, we developed a concept map that connected contact conditions, justice perceptions, and Islamic principles, which guided the integrative framework represented in the Discussion (Tranfield et al., 2003).

THEORETICAL FOUNDATIONS

Contact Theory in Organizational Contexts

Contact Theory, originally formulated by Gordon Allport (1954) in *The Nature of Prejudice*, is based on the idea that enduring, reciprocal contact between individuals of different groups may minimize prejudice and develop understanding with each other. The framework developed by Allport was originally meant to describe intergroup relationships in racially and socially stratified communities in which, under the most optimal conditions, which include, but are not limited to, equal status, shared goals, intergroup cooperation, and institutional support, stereotyping can be reduced and empathy can be increased (Dovidio et al., 2012). Even though it has its roots in the field of social psychology, later researchers applied the Contact Theory to the realm of organizations and workplaces and examined how structured interaction can help decrease discrimination, enhance perceptions of fairness and strengthen organizational cohesion (Pettigrew and Tropp, 2006; Dovidio et al., 2007).

In the human resource management (HRM), the Contact Theory has been applied in explaining how interpersonal relationships between employers and their employees influence the perceptions of justice, trust, and motivation (Ertorer, 2024). Organizational researchers have discovered that the more managers interact with subordinates in a transparent, participative and respectful way, the more employees believe that there is greater procedural and distributive fairness (De Cremer and Tyler, 2005). This kind of contact helps lessen the psychological distance between ranks, helping to curb the us-versus-them that is sometimes a cause of conflict over pay or promotion. Positive contact does not just build empathy but also improves moral recognition-enabling decision-makers to view employees as legitimate stakeholders and not as cost input (Cropanzano, Byrne, Bobocel, and Rupp, 2001).

Empirical research has shown that cooperative contact may have an indirect positive effect on wage satisfaction through enhancing perceptions of procedural justice. An example is that Erdogan and Liden (2006) concluded that the quality of leader-member exchange which is the result of long-term interpersonal contact is positively related to perceptions of fairness in reward allocation. On the same note, Naumann and Bennett (2000) opined that when supervisors and subordinates interact frequently and constructively, transparent communication concerning rewards becomes normalized resulting in fairness climates. These dynamics are very powerful in high-context and collectivist cultures, where the relational harmony and trust are and form the core of workplace legitimacy (Hofstede, 2001; Farh et al., 2007).

Nevertheless, the use of Contact Theory in organizations is not beyond criticism. Researchers have observed that its premises were mainly based on Western and secular settings that focused on individual autonomy and equality with the law (Reicher et al., 2005). These assumptions might be somewhat inadequate to reflect the moral and spiritual aspects on which relationships in Muslim organizations are based since the social hierarchy is typically viewed through ethical stewardship, and not egalitarianism (Beekun & Badawi, 2005). Moreover, Contact Theory is descriptive and not normative, i.e. it describes the way in which contact decreases bias, but does not provide a set of moral obligations and ethical responsibilities regulating such contacts (Meleady, 2021). Therefore, although this theory is helpful in psychological explanations of how perceptions of fairness are developed, the theory does not include a clear sense of morale that would guide the view of why fair treatment is a mandatory condition other than instrumental rewards of the type of productivity or morale (Verkuyten and Yildiz, 2007).

The combination of Contact Theory and religious ethics, thus, is a promising approach in narrowing its psychological orientation and a more value-oriented one (Cohn et al., 2015). The concept of positive contact can be interpreted in both functionalist terms of enhancing

collaboration in Muslim organizations and an ethical behavior based on the principles of mutual respect (*ta'aruf*) and collective benefit (*maslahah*) (Kurniawan and Nasution, 2025). Since moral intentionality is incorporated into the process of contact, through organizations, the current daily managerial interactions can be changed into justice, compassion, and responsibility remedies in front of God and fellow human beings through the following: wage negotiation, performance appraisals, and so on (Nauman et al., 2025).

Islamic Justice Principles in Wage Setting

Islamic conceptions of justice (*'adl*) form the cornerstone of economic and social life in Muslim thought. The Qur'an repeatedly commands believers to "stand firmly for justice, as witnesses to God" (Qur'an 4:135), framing justice as both a moral virtue and a divine injunction (Abou El Fadl, 2017). Justice in Islam extends beyond legal equality to encompass distributive fairness, compassion, and protection of human dignity (Kamali, 2002). In labor and employment, the prophet Muhammad (peace be upon him) gave a very clear instruction on the payment of wages saying that, pay the worker his salary before the dust of his labor has settled (Ibn Majah, Hadith No. 2443). Such an injunction does not just highlight the importance of timeliness and fairness in compensation, but it is the respect toward human work and the sacrosanctity of contractual duties (Yasmeen, 2023).

These teachings have been developed by classical jurists and Islamic economists of today into a coherent ethical system. *Adl* (justice) demands that the workers be compensated according to their input and needs to live, whereas *ihsan* (benevolence) urges employers to exceed the contractual obligations to generosity and compassion (Chapra, 2008; Yasmeen, 2023). *Amanah* (trust) implies the ethical duty vested on employers to take care of the welfare of workers, and *maslahah* (public good) comes in to make sure that the economic set ups do not lead to exploitation in the society but instead contribute to societal harmony (Dusuki and Bouheraoua, 2011). Taken together, those principles constitute a moral of relations, where human dignity and social balance are considered, rather than profit maximization.

In this instance of ethical architecture, the wage is not seen as a price of labor, but rather a moral contract based on accountability in the face of God (Buana & Budiman, 2022). The debate on whether to leave wages in the market or to intervene morally has long been the argument of Islamic scholars. Although the market knows of the existence of market mechanisms, Islam discourages injustice (*zulm*), as well as exploitation (*riba*, *gharar*, and coercive practices), and encourages a sense of *adl fi al-ajr*--fairness in remuneration (Kahf, 2002; Asutay, 2012). Quran (6:152) instructs the believers to "give full measure and weight in

justice”, which the modern scholars have applied to mean just pay practices that reflects on living expenses and social goodwill (El-Ashker and Wilson, 2006).

The values are associated with the organizational practice as discussed in modern texts on Islamic human resource management (IHRM). Abu-Tapanjeh (2009) postulated, Islamic management systems focus on the higher objectives of Shariah i.e. maqasid al-shari'ah i.e., preservation of dignity, wealth and justice. In line with this, the HR policies should be in line with the spiritual accountability in which the employer is considered as a trustee (khalifah) and not an owner (Toumi & Su, 2023). Salaries are then a manifestation of stewardship: the equitable allocation of resources bestowed by God to provide employees with livelihood and those of their families (Mahmudulhassan et al., 2025; Beekun and Badawi, 2005). Late or unfair payment on the other hand, is moral failure and it not only offends the contractual ethics but also contravenes the divine trust.

The move to incorporate the Islamic justice in wage setting is also a threat to the traditional economic paradigms which are more focused on efficiency or Shareholder returns. Chapra (2011) and Siddiqi (2001) point out that Islamic economics entrusts equity in the efficient context and aims to find a middle ground between the individual and the community. In that sense, wage justice helps to stabilize society by making people less envious, less resentful, and less polarized by their social classes - processes that are identical to the objectives of the prejudice-reduction mechanism of Contact Theory (Ertacer, 2024). In such a way, Islamic justice offers the normative explanation of fairness, whereas the Contact Theory offers the behavioral direction in which the perception of fairness would be practically achieved (Abou El Fadl, 2017).

Studies on Muslim workplaces demonstrate that Islamic ethical practices have a positive implication to employee satisfaction and commitment to the organization (Hashim, 2009; Ali and Gibbs, 1998). Once the workers feel that their pay is based on Islamic justice, timely, sufficient and respectful, they do interpret their employment relationship as meaningful spiritually and hence build affective ties with the organization (Rokhman, 2010). On the other hand, a breach of wage justice not only destroys the confidence in the management, but also the moral legitimacy of the institution. This religious aspect distinction is the difference between Islamic justice and secular distributive models that fairness is not only a social harmony but also a worship and moral responsibility.

However, a structural challenge exists in implementing the Islamic justice principles. Most of the Muslim-majority economies are integrated into the global capitalist frameworks which reward minimization of costs and competitive advantage, which are usually conflicting with the ideals of ethical wages (Kamla & Alsoufi, 2015). A lack of alignment between normative teachings and operational reality is caused by informal labor markets, the weak institutional

implementation, and managerial dependence on Western HRM models (Mahmudulhassan et al., 2025). The only way to fill this gap is an integrative framework that puts the Islamic ethics into the context of the strategies of practical organizational behavior theories--just the synthesis that this study aims to achieve.

FINDINGS

Theme 1: Organizational justice and wage outcomes

In the general body of management research, distributive, procedural, and interactional justice perceptions are always predictive of compensation satisfaction, commitment, and reduced conflict. Employees consider pay to be fair when the outcomes allocations seem proportional to contribution (distributive), when rules are also consistent, unbiased and correctable (procedural), and when decision makers treat employees with respect and reasonableness (interactional) (Greenberg, 1990). The exchange quality between leaders and members serves as a relationship channel: the more rich, respectful the exchange between the supervisors and followers, the greater attributions of fairness and the acceptance of the reward decisions, the better the wage satisfaction and decreased the number of grievances (Naumann and Bennett, 2000; Erdogan and Liden, 2006). These effects are magnified by justice climates, which are shared norms that this is a fair place and are associated with retention and performance, at unit level (Colquitt et al., 2013). In high context, collectivist cultures, such as those of most Muslim organizations, interactional cues have disproportional interpretive significance; employees perceive fairness in contact through tone, continuity, and dignity, not just through official regulations (Hofstede, 2001; Farh et al., 2007). Transparent reason-giving may reposition constrained results as valid, and thus stabilize expectations without necessarily making substantial budgetary corrections (Tyler & Blader, 2003).

Theme 2: Islamic perspectives on wage justice

According to Islamic sources, the wage-setting falls within a moral order of *adl* (justice), *ihsan* (benevolence), *amanah* (trust), and *maslahah* (public good) (Wahab & Ismail, 2019). The timeliness and dignity as the non-negotiable minimum of ethics are established by the Prophetic command to pay the workers before the sweat dries, and Quranic commands to “*pay the full measure and weight in justice*” are extended to the accuracy and non-exploitation (Qur’ān 6:152) (Johari, 2023). These injunctions are extended in the modern Islamic economics, which states that remuneration must evade *zulm*, approximate a living-wage orientation where possible, and be applied as stewardship to God and society instead of through mere market exchange (Chapra, 2008, 2011; El-Ashker and Wilson, 2006; Dusuki and

Bouheraoua, 2011). The Islamic HRM redefines the employer as khalifah, one who bears the welfare implications of pay policy; when employees feel that the wage practices have been conducted in accordance with the principles, i.e. timely, non-discriminatory, and respectful, the level of affective commitment increases and the level of organizational trust intensifies (Abu-Tapanjeh, 2009; Beekun & Badawi, 2005; Hashim, 2009; Rokhman, 2010). However, also ethics-practice gaps when global cost pressures, lax enforcement, and imported HR templates undermine Islamic intentions are also described by empirical evidence (Mahmudulhassan et al., 2025; Kamla and Alsoufi, 2015).

Theme 3: Contact Theory mechanisms applied to pay fairness

The contact hypothesis of Allport, which suggests that optimal contact occurs when the status, goals, cooperation, and institutional support are equal, can be credibly translated into wage governance: structured, repeated, and dignified contact among the management and the employees will help in reducing stereotyping, decreasing adversarial attribution and increasing the trust between the two parties about some contentious issues such as pay (Allport, 1954; Pettigrew and Tropp, 2006; Dovidio et al., 2008). In practice, equal-status deliberation formats, participatory job-evaluation committees, and wage-policy town halls cultivate voice and reason-giving that map directly onto procedural and interactional justice. In places where leaders actively support these forums and set a positive example of respectful dialogues, justice climates solidify, and wage decisions, although possible due to fiscally constrained situations, are viewed as more legitimate (Naumann et al., 2013; Colquitt et al., 2013). Critics warn that classic contact theory is norm-neutral and of Western-secular origin which may not recognize spiritual responsibility and Muslim-setting stewardship logics (Reicher et al., 2005; Verkuyten and Yildiz, 2007). Other literature suggests that this limitation can be overcome by combining contact conditions with an explicit ethical telos: in the context where reason-giving is done as duty (amanah) and honor is sought as ihsan, contact is not only instrumental but also morally purposive and, thus, both perceptions of fairness are enhanced and religious legitimacy is enhanced (Wahab & Ismail, 2019).

Theme 4: The integration gap and an emergent dual-lens solution

The literature reviewed demonstrates similar but rarely overlapping directions: organizational justice literature provides the psychosocial leverage of understanding how wages are generated, Islamic literature provides the dense normative guide to understanding how wages should be, and contact literature explains how structured interaction reworks intergroup relations-yet few studies have managed to synthesize these strings in the Muslim-majority

workplaces (Adams, 1965; Greenberg, 1990; Chapra, 2011; Kamla and Alsoufi, 2015). There is however evidence of a consistent dual-lens pathway that is implicit across findings. To begin with, Islamic principles may establish ethical wage standards, i.e. timeliness, non-exploitation, and orientation towards a living wage, such that distributive results, in themselves, will render satisfactory *adl* and eliminate *zulm* (Kamali, 2002; El-Ashker and Wilson, 2006; Dusuki and Bouheraoua, 2011). Second, the procedural and interactional justice that results in the perception of the latter benchmarks as legitimacy is created with the help of contact-optimized procedures equal-status voice, transparent criteria, cooperative problem-solving, and visible top-management endorsement (Allport, 1954; Pettigrew and Tropp, 2006; Tyler and Blader, 2003; Colquitt et al., 2013). The better justice climates and the lower level of wage-related conflicts are reported in those units that institutionalize both lenses, which have been linked in the general productivity literature to better retention and performance (Bloom & Van Reenen, 2011). In this sense, contact provides the behavioral pathway, justice theory supplies the perceptual mechanisms, and Islamic ethics furnishes the moral north star. The integration addresses a practical paradox that cuts across the corpus, in that, transparent, respectful interaction may justify hard pay decisions, but only an explicit ethical charter can ensure decisions that would be substantively just (Nauman et al., 2025). The literatures collectively support a paradigm where the compensation practices as a cohesive unit breed trust, fulfill spiritual responsibility and stabilize company cohesion- exactly the synthesis that is explained in the following discussion.

DISCUSSION

This discussion combines the organizational justice, the Contact Theory, and the Islamic principles of ethics to suggest an integrative approach to the ethical wage setting in Muslim organizations. The main argument is that the just wages must have a substantive moral floor, as well as the relationship-oriented processes that make the decisions intelligible and legitimate (Yasmeen, 2023). Substantively, wages are to be pegged on Islamic tenets of *adl* (justice), *ihsan* (benevolence), *amanah* (trust), and *maslahah* (public good), forbidding exploitation, and requiring timeliness and safeguard of dignity (Chapra, 2008, 2011; El-Ashker and Wilson, 2006; Johari, 20). Procedurally, contact rich practices, equal-status voice, transparent reason-giving, cooperative problem solving, and explicit institutional endorsement of justice are the procedural means of fostering perceptions of fairness that have long been recognized in organizational justice literature as mechanisms of distributive, procedural, and interactional justice (Allport, 1954; Tyler and Blader, 2003; Colquitt et al., 2001; Colquitt et al., 2013; Pettigrew and Tropp, 2006).

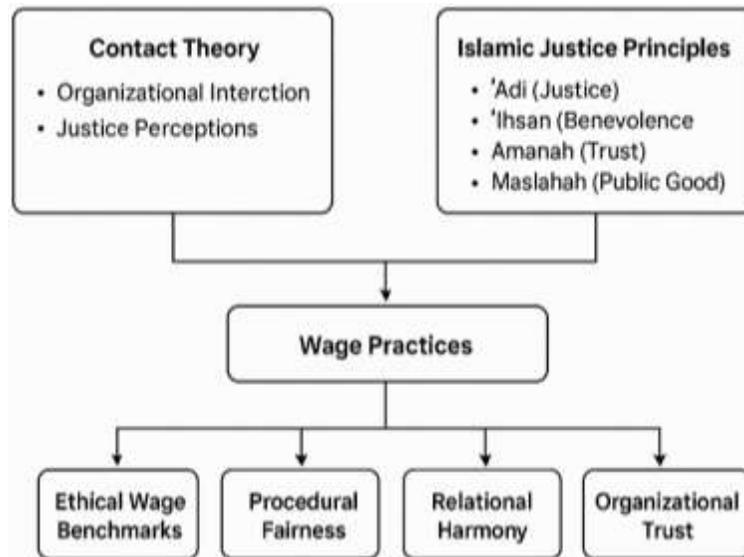


Figure 2: Conceptual framework for Ethical Wage Setting in Muslim Organizations

In Figure 2, the conceptual framework that has been proposed is the integration of Contact Theory and Islamic justice principles to inform the ethical wage-setting in Muslim organizations. The framework places wage practices on the center stage of connecting organizational interaction, perceptions of justice, and Islamic ethical accountability. On the one hand, the Contact Theory focuses on such conditions as sustained communication, equal status, and common goals, which contribute to building trust and decrease the level of hierarchical tension between the employer and employees (Ertorer, 2024). Islamic principles, on the other, namely adl (justice), ihsan (benevolence), amanah (trust), and maslahah (public good) come in to offer normative grounds in which wage decisions are made by considering moral responsibility in the presence of God and society (Yasmeen, 2023). These two areas intersect to produce four fundamental results, namely, ethical wage levels, procedural justice, relationship harmony and trust in the organization. The combination of these leads to a cyclical effect where open interaction fosters justice, justice fosters ethical behavior and ethical behavior fosters social cohesion in the work place. The model provides a situational but dynamic model on how moral accountability can be instilled into contemporary HRM practices.

The first component, which is the ethical wage benchmarks, sets the substantive justice floor. Islam sources demand immediate payment, fair and non-discriminatory wage, and, where possible, an orientation towards a living wage placing wages in the form of an amanah instead of a market exchange (Chapra, 2011; Abu-Tapanjeh, 2009; El-Ashker and Wilson, 2006). In this light, pay systems should be created to prevent zulm as well as indicate contribution and basic welfare. Unlike the ratio comparisons of input and outcome that the equity theory brings out

(Adams, 1965), the benchmark aspect moderates purely comparative desires with deontic restraints: a relative ratio might be acceptable, however, underpayment that demeans dignity violates *adl* and *ihsan*. Equally, the Rawlsian notion of justice where principles are selected under the veil of ignorance would be replaced by the Islamic standard, which converts the moral minima into operational rules- timeliness, accuracy (Choudhury, 2019) and non-exploitation- in such a way that the distributive outcomes meet a theologically-based threshold but also in a way that does not defy institutional constraints (Yasmeen, 2023).

The second element, contact-optimized relationship quality, covers the perceptual processes of receiving wage policies. The optimum conditions that Allport identified as equal status, common goals, cooperation and institutional support are easily applied to wage governance in cases where employees negotiate with managers, where goals are formulated as joint problem solving under actual budget limits and where leaders publicly reinforce respectful interactions (Allport, 1954; Pettigrew and Tropp, 2006). Empirical studies of leader-member exchange and justice climates have indicated that dignified frequent contact enhances the perceived fairness of decision-making on rewards even in the cases of imperfect outcomes (Naumann and Bennett, 2000; Erdogan and Liden, 2006; Colquitt et al., 2013). Within Muslim contexts, the practices are also ethically endowed by being framed in terms of *ihsan* and *ta'aruf*, so that what would otherwise be instrumental discourse is given a values-charged encounter. Western literature provides strong evidence on the effectiveness of this kind of process, however too often it is norm-neutral; contact based on *amanah* and *maslahah* bridges this normative discontinuity, by connecting the quality of interaction with spiritual accountability.

The third element is a procedural justice that is imbued with the Islamic values that combines canons of fair procedure, i.e. consistency, bias suppression, accuracy, correctability, and voice, with specifically moral will and protections. Publication of the pay architecture of the organization, articulating of the job evaluation requirements and the availability of appeals channels serves as traditional procedural justice (Ibrahim et al., 2022), whereas the invocation of *niyyah* (right intention) and *amanah* binds decision-makers to exercise diligent custodianship of information of employees, as well as a reason-giving linking outcomes to both evidence as well as ethical ideals. Suppression of bias and accuracy is proved by periodical equity audits, which are disaggregated by role, gender, and tenure, whereas the possibility of correction indicate humility and accountability. Rawlsian theories emphasize fairness of regulations; equity theory focuses on the proportionality of outcome; the current synthesis does not renounce either of the two issues but puts them into the context of *adl* and *ihsan* in such a way that the procedures are not merely deemed to be efficient but seen as morally appropriate.

The last element, long-term sustainability and organizational trust, explains the cumulative impacts of both substantive and procedural justice on climate and performance. Justice climates are strengthened with the repetitive experience of the dignified interaction and coherent explanation that results in the increased commitment, reduced conflict, and higher retention rate (Colquitt et al., 2013; Tyler and Blader, 2003; Bloom and Van Reenen, 2011). Regular actualization of adl and exhibitions of ihsan develop a sense of sakinah-like tranquility and emotional attachment to the institution (Hashim, 2009; Rokhman, 2010). The outcome is not only the lessening of grievance cycles and an easier collective bargaining but also an increase in the level of moral credibility in Muslim labor markets, which facilitates employer brand and recruitment pipelines (Toumi & Su, 2023). Where Western models often justify fairness through social stability or productivity, the integrated framework affirms these instrumental benefits while insisting that trust also arises from fidelity to divine accountability and communal welfare.

The model, therefore, addresses a usual paradox within wage governance. Difficult outcome can be justified by the transparency, but the outcomes that are substantively unfair pay cannot be redeemed by the means of transparency alone; on the other hand, ethically motivated outcomes would be misunderstood without the voice and explanation. By binding Islamic benchmarks to contact-optimized operations, organizations obtain both: results that pass a moral test and operations that make those results intelligible, revisable and respectable. Gradually, a reinforcing loop develops, as ethical standards lead to the decisions; contact-laden procedures lead to the fair-process perceptions; positive-process perceptions lead to the deepening of trust; trust, in turn, expands the space to cooperative problem solving as economic pressures build (Tyler & Blader, 2003; Colquitt et al., 2013; Chapra, 2011).

This logic leads to practical adoption without the use of checklists. The leaders are expected to initially state and publicly commit wage principles as per adl, ihsan, amanah and maslahah, transposing them into explicit pay bands, punctualities ensures and protection against unseen deductions. Then they must institutionalize periodic, status-equality forums in which employees and managers negotiate job evaluation standards, market constraints, and equity audit findings, with executives providing a good example of respectful dialogue and reason-giving. The system of appeals and correction should be convenient and should be seen as an opportunity to stewardship and not a threat to power. There should be periodic reporting on adjustments and lessons learned to indicate that wage governance is an ongoing trust and not a single administrative event. By integrating the moral floor and contact-based legitimation, the framework aligns modern organizational psychology with the Islamic justice, to come up with ethically defensible, socially credible, and organizationally sustainable wages.

IMPLICATIONS

This framework has theoretical, managerial, and policy value. In theory, it merges organizational psychology and Islamic ethics by applying the relational mechanisms of Contact Theory with *adl*, *ihsan* and *amanah* as moral obligations to broaden the scope of justice inquiry beyond a secular setting (Chapra, 2011; Colquitt et al., 2013). To managers, it offers a guideline on how to employ fair and spiritually responsible wage policies via participatory negotiation, clear communication, and prompt and equitable remuneration in accordance with the Islamic doctrine (Abu-Tapanjeh, 2009; Mahmudulhassan et al., 2025). Islamic finance institutions and labor regulators can use this framework at a policy level to incorporate wage justice in Shariah governance frameworks to ensure that compensation is based on efficiency and moral responsibility. Finally, it builds strong employee trust and minimizes conflict as well as increasing organizational legitimacy, which makes ethical wage-setting a foundation of sustainable human resource management in the Muslim-majority working environments.

LIMITATIONS AND FUTURE RESEARCH

This work is theoretical and constrained with the use of secondary sources in English, which might not capture useful Arabic and local research (Snyder, 2019). How the quality of contact and Islamic ethics interact in terms of promoting wage fairness and organizational trust requires empirical testing. Differences in jurisprudential understanding of *adl* and *maslahah* in different Muslim settings mean that comparative study is needed (Kamali, 2002). In the future, mixed methods, such as surveys, case studies, and longitudinal analyses can be used to operationalize the components of the framework and evaluate their effects on employee commitment, satisfaction, and equity perceptions. Future research on cross-cultural adaptation of the model to non-Muslim or hybrid organizations would further clarify the applicability of the model and the way faith based ethics can improve universal understanding of organizational justice.

CONCLUSION

The combination of the Contact Theory and the Islamic-based oriented principles of justice is a step towards a dual-lensed paradigm of wage-setting that operates ethically, participatory, and operationally. Theoretically, it re-conceptualizes compensation as a moral trust (*amanah*) instead of a mere marketed transaction and places just wages as a policy tool of social cohesion as well as managerial practice. To the managers, the framework offers a practical roadmap: institutionalize open communication between employees and employers, take equity audits based on *adl* and *ihsan*, and make sure that wages decisions are made

through the contact-intensive and dignified processes that enhance trust and legitimacy. Such practices when in place not only boost morale and retention but also bring performance management and spiritual accountability into harmony - making fairness less a compliance measure and more a part of organizational culture.

At the policy level, the study provides a policy guideline to regulators and Islamic finance authorities, as well as labor ministries that want to incorporate justice in the wage governance systems. The framework can be converted into enforceable standards by policy makers by connecting Islamic moral standards: timeliness, non-exploitation and adequacy to formal labor regulations and Shariah-compliance audits. The "contact conditions" required to organise procedural justice can be institutionalised through the introduction of participatory mechanisms namely; wage councils or advisory boards and representation by employees. Besides, the integration of Islamic wage ethics into national HRD policies may lessen informality, improve transparency, and create higher levels of moral credibility of Muslim-majority labor market.

By bringing together the psychological processes of fairness, and the moral obligations of Islamic justice, this research highlights that organizational sustainability in legitimacy is achieved when there is an interplay of policy, management and ethics. Ethical wage-setting is thereby made a pillar of good governance as well as spiritual responsibility - anchoring managerial practice and public policy in a shared search of justice, trust and collective well-being.

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