MANAGING FROM ISLAMIC PERSPECTIVES: SOME PRELIMINARY FINDINGS FROM MALAYSIAN MUSLIM MANAGED ORGANIZATIONS

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1. Introduction

The idea for this work originally goes back a few years to a critical comment made by an acquaintance with me when conversing on the developments in the area of management from Islamic perspectives. He asked, rather raised, a pointed question: do we have an example of an organization in reality that is run according to Islamic principles? I did not have an answer to that question then; I believe that I do not have a satisfactory answer to that question even now. This research work is an outcome of the frustration of not being able to find a satisfactory answer to that well-meaning question. Over the years, that frustration has been channeled into investigating and researching into whatever little material is available in the area of management from Islamic perspectives.

I define the Islamic approach to management as an emerging discipline often referred to as Islamic management- which deals with the management of organizations from the perspective of the knowledge acquired from the revealed and other Islamic sources of knowledge and results in applications compatible with the Islamic beliefs and practices (Kazmi, 2005). In contrast, conventional management is the compendium of the concepts, theory, principles, and applications of management’s studies that we find in the literature in the discipline management. Conventional management has developed mainly during the past about the century. Mainly the American and European scholars are credited with developing the conventional approach though contributions have been coming in lately from Australian and Asian sources too.

2. Review of literature

Islamic perspectives to management studies are an emerging field of enquiry in academia. A review of exiting literature on the subject indicates that it is a neglected and relatively unexplored area for research work (Kazmi, 2003).

It is noted that the decade of 1980s is the starting point of works in the area of Islamic perspectives to management studies except for a very few studies reported in the 1970s. Not many works are reported during the decade of 1980s too. Among them we have Shirazi’s (1980) article on the management and leadership in the life of prophet (peace be
upon him) and Ezzati’s (1982) work on the concept of leadership in Islam. The appearance of works in 1980s is significant from the point of view of its timing. The decade of 1980s saw significant movement in the Islamization of knowledge project around the world. There were conferences and seminars organized on the Islamization of management and business administration subject and occasionally one observes some articles and papers appearing in journals related to this issue. The 1980s is also the decade in which initial skepticism begins to appear with American perspective to management studies. This is also the time when Americans themselves start taking a critical look at their own perspectives.

The 1990s see increasing appearances of the reported works. The publication in 1995, of the Islamic principles of business organization and management edited by F.R. Faridi is the reported proceedings of a Conference in India on the subject. This follows a seminar on contemporary business towards the development of Islamic business management held in September 1987 in Malaysia Social Scientists (AMSS) also feature occasionally a contribution in the area. For instance, AMMS Seminar on Organizational Behavior in 1988 is a precursor to several others. The American journal of Islamic Social Sciences, that started in 1984 later- in the 1990s – carried papers and research notes on the subject of Islamic perspectives to management issues more frequently.

A serious effort is made in the form of a meeting of experts on Islamic management Center of the International Islamic University (IIU) jointly organized by the Islamic Research and Training Institute of Islamic Development Bank, Jeddah, Saudi Arabia and International Islamic University, Kualalumpur, Malaysia held in May 1993. An outcome of the meeting is the statement embodying the concept of Islamic management that stated that the “Islamic approach to management emphasizes the spiritual and material dimensions of man as vicegerent in which resources of the world, including human resources are utilized according to Allah’s(SWT) will with a view to achieving His pleasure. The manager’s role, according to this paradigm, is to perform management functions as an act of ‘ibadah.” (Al Junaid & Anwar,1995:42).

On the nature of issues dealt with in the publications during the two decades, 1980-2000, the subjects of ethics and values, organizational behavior, and human resource management dominate the scene. The hard issues are dealt with; for instance, by Ali’s (1996) work on the foundation for communication in the Qur’an and Sunnah and Al-Junaid and Anwar’s (2000) exploration into the behavioral science foundations for Organization Development. Earlier, Rahman and Al-Buraey(1992) make a significant contribution by their work on organizational controls and performance evaluation. Later works show a movement towards the quantitative aspects of management an example of which could be the work of Abul Hasan Muhamad Sadeq and A Khaliq bin Mohd Israil (1996), which is in the area of contemporary interest of quality management.
As one can observe, the emphasis during the two decades 1980s-2000s is overwhelmingly on the soft side of management studies with lesser contribution coming to the hard issues. This is understandable as the contemplation on soft issues leads naturally to their application in the area of hard issues in managing. Some works, like those of Naim Nusair (1985), Ibn Umer Mohd Sharfuddin (1987) and Fayaz Ahmad (1995), concentrate on an informed criticism of the contemporary theories. Here a sensible approach of relating the differences to the context are ascribed as reasons for the theories being not relevant to the context prevailing in Muslim countries. A meaningful genre of work is exemplified by the work of Muzaffar A. Shaikh (1988) where a comparison of the ethics of decision-making is done in the Islamic and Western environment offering the possibility of conducting comparative appraisals. Doctorate dissertations are reported during the decades of 1980s as well as the 1990s. While there are very few doctoral research works that could be considered as directly related to Islamic perspectives to management studies such as that of Sharfeldin (1987) on Islamic perspectives to human resource management, there are works that explore managerial issues in Muslim countries and organizations. An example of the former is the study on marketing strategies in Egypt by Mohamed (1986) while the latter is illustrated by a study such as the one by Abdul Rahman (1998) of the accounting practices in Malaysian Islamic organizations. Some other example of Muslim countries studied are Al-Kazemi and Ali (2002) on managerial problems in Kuwait, Ali and Amirshahi (2002) on the work values and orientations of the Iranian manager.

The decade of 2000 is disappointing as, compared to the 1990s as the works are less frequently reported. While articles continue to appear occasionally, sometimes in many stream Journals too (e.g. Jamal Uddin; 2003; Abuznaid, 2006) yet there is near absence of research on Muslim-managed organizations. But some of the papers published and researches at the Ph.D. level appear to be focusing increasingly on the hard issues in Management. This is a welcome development and could be a sign of early maturity at research level. A fine attempt is the work of Khalifa (2001) that is pioneering in nature and could be characterized as first of-a-kind where the subject of management is treated from the perspective of fundamentals of Islamic revealed knowledge rather than taking conventional management studies at the starting point.

Recent developments in the area of management from Islamic perspectives bring the good news for three new books being published. These are: Abbas J. Ali’s Islamic perspectives on Management and Organization published in 2005 by Edward Elgar Publishing, Abdul Khaliq Ahmad’s Management from the Islamic perspective published in 2005 by the Research Center, International Islamic University Malaysia at Kualalumpur and Rafiq Essa Beekun’s Strategic planning and Implementation for Islamic Organizations published in 2006 by International Institute of Islamic thought, Herndon, Virginia.

Overall, the area of management from Islamic perspectives is still in its infancy if compared to the more advanced research being conducted in other areas of management. Yet,
there is sufficient evidence of the potential of this area today when there is need for a looking for alternative perspectives to the dominant Anglo-Saxon one reflected in the American and European style of management. Elsewhere, I suggest four basic approaches to research in Islamic perspectives to management (Kazmi, 2003) as below.

- “Dig the Gold approach” by deriving management principles based on Islamic revealed knowledge sources
- “Chinks in the armor approach” to conventional management concepts, constructs, theories, principles, and law to identify the shortcomings
- “Delve deeper approach” by uncovering historical phenomena in Islamic organizations and institutions and offering objective assessment of their working and effectiveness in light of contemporary needs
- “Hands-on approach” by applying the theories and principles derived from Islamic revealed knowledge sources to real organizations and develop an empirical database to further refine and test the theories.

This research work intends to follow the “delve deeper approach” by investigating the working of selected Muslim-managed Malaysian organizations and reporting and commenting on how these organizations are attempting to apply the Islamic perspectives to management. This work is a part of a wider study that involved writing detailed case studies of the selected Muslim-managed organizations in Malaysia.

3. Methodology

Eight organizations were selected on basis of personal judgement based on the criterion whether they are well known for being Muslim organizations operating in Malaysia. These eight organizations are Bank Islam, Bank Muamalat, Bank Rakyat, kolej Universiti Islam Malaysia, kolej Universiti Islam Selangor, Tabung Haji, Takaful Malaysia and Yayasan Pembangunan Ekonomi Islam Malaysia.

The primary research data is collected through a semi-structured interview contacted by the research assistants. These research assistants contacted the organizations and then asked to be directed to the person responsible for providing the data. Out of the eight organizations contacted, it was possible to get data from six organizations. Two Organizations declined and expressed there inability to provide data.

The checklist prepared for conducting semi-structured interviews was prepared in English and then translated into Bahasa Melayu. When the results were received they were translated back into English. The research assistants were provided a thorough briefing on the manner of conducting the semi-structured interviews. They were also advised to collect supporting materials such as company brochures, company documents, latest annual reports,
and any other information source they could get. All six organizations were highly cooperative and were happy to provide information.

The checklist for the semi-structured is based on six categories of leading questions as below.

1. Have the company/organization taken steps to incorporate Islamic teachings into its management practices? What are these steps?

2. Does the company/organization encourage its employees to incorporate these Islamic concepts into management practices and how is it done?

Tawheed (oneness of God), islam (submission to God), iman (faith), taqwa (God consciousness), ihsan (love for God), haqq (truthfulness), Itqan (Conscientiousness and good knowledge applied to all efforts), Sabr (patience), ibadah (worship of God), ikhlas (sincerity), adl (justice in thought and actions), ahd (keeping promises), act as khalifat-ul-ardh (vice-gerent of God on earth), consider resources as God’s amanah (trust), objectives of hasanah fi-al-dunya (the rewards of this world), And hasanah fi al-akhirah (the rewards of the hereafter), falah (service to community), encouragement of ‘amal-salih (virtuous acts), niyah (intention), tawbah (repentance)

3. Are company/organization managers conversant with the ideas of servant-leadership and guardian-leadership concepts? Do they put these ideas into practice? How do they do it? Does the company use the technique of Shura (collective decision making)?

4. Does the company/organization use any specific Islamic management systems/methods/techniques, etc? What is that system/method/technique? How is it used? Where it is used? Who started using it?

5. Does being a Muslim affect an employee’s performance (makes him works less efficiently or more efficiently)?

6. Does the company/organization offer any special facilities for its Muslim employees such as prayer place, special timings on Fridays and during Ramadan, loans for performing religious duties like Hajj or Aqiqah?

4. Results and Discussion

Muslim-managed organizations in Malaysia, that were the subject of study, reported taking several steps for incorporating Islamic teachings in managing their organizations. Sector-specific organizations such as banks, of course, claim to be adopting the Islamic banking concepts based on Shariah. Educational institutions refer to a comprehensive philosophy of managing called the “Tawhidy approach to
management”. Although it was not made clear by the respondents what exactly they mean by this approach, references are available in literature that refer to the Tawhiddic approach. In the words of Mohammad affandi Hassan: “Management and administration, from the tawhiddic approach, it is fulfillment of the primordial contact (the amanah) between God and man, in which man as servant of God, and His vicegerent on earth (khalifah) performs righteous deeds (amal salih) based on the principles of cooperation and consultation (Shura). The purpose of management/administration is the building of a civilization based on Tawhiddic ethical values; thus management must, at the same time, ensure the abolishment of corruption, mischief, and injustice (al-fasad) in order to establish ‘adl (justice) both in organizations as well as in society. The ultimate objective of management is to attain al-falah (felicity)” (Mohd Affandi Hassan,1992-56.

One of the organizations in the survey, YPEIM, reports about the establishment of an Academy of Islamic Management devoted to the propagation of the principles of Tawhiddic management in terms of an Islamic world view, Islamic world ethic, leadership and fellowship from Islamic perspectives, the techniques of Shura- the collective decision making process, and collective duty in terms of ‘amal Jariyah.

Several steps are reported to be taken to incorporate Islamic concepts into management practices within organizations. The following paragraphs report and discuss the major steps. The concept of falah, service to community, emerges a major concept being applied in Muslim-managed organizations in Malaysia. Falah is practiced by a bank in terms of propagating the Islamic management concepts to the community at large including the children of bank’s member. Service to the community is done by practical steps such as charity for orphans and the poor, donating medical equipment to hospitals, donating hearse vehicles to mosques for transporting coffins, etc. A college reports the establishment of an organizational unit, under its public relations department, exclusively dedicated to community service. Interestingly, an organization that candidly accepts having a low pay structure reports motivating its employees through inculcating a spirit of falah among its employees. Encouragement of ‘amal saleh (pious acts) is also seen as a component of practicing falah. The concept of Sabr (patience) is also mentioned in this regard. Another organization sees Sabr as inculcating full commitment and a positive attitude among its employees. Tawbah, the concept of atonement and repentance, is reflected in the design of the domestic enquiry system in an organization that encourages fixing responsibility and issuing warnings before final punitive action is taken thus offering opportunity to the employee to repent. ‘Adl, the concept of justice, is seen as avoiding favoritism in the organization. ‘Adl is also practiced practically by offering a suggestion box scheme for the employees where they are free to make suggestions and complaints that are diligently looked into by the top management. Ikhlas, the concept of sincerity is practiced by considering work as worship that is also evident in the concept if ‘ibadah. Amanah, the concept of trust, is practiced by an organization by doing away with the system of recording attendance through
punch cards leaving it to the employees to be punctual and regular in reporting for work. Ihsan, the concept of love of God, is interpreted by an organization as ‘not fooling or shirking work when the boss is not around’. ‘Ibadah, of course, is manifested in several arrangements for prayers that will be discussed shortly.

The inculcation of an Islamic environment is facilitated through the means of several rites and rituals. The rites and rituals, as is widely accepted in the field of organizational culture, are an essential element in the cultural web of an organization. For instance, Johnson(1988) described a cultural web as having a number of elements such as control systems, structure, symbols, rituals and routines, and stories and myths. The Muslim-managed organizations in this study report several rites and rituals that are associated with Islamic practices. Within these rites and rituals one can also discern elements of Malay culture that is somehow intertwined with that of the general Muslim culture inculcated in these organizations.

Rites and rituals are an essential element of worship practices in Islam. Prayers in the form of Salah or namaz, fasting in the month of Ramadan, pilgrimage in the form of Hajj are three of the five pillars of Islam that are established rites and rituals practiced by Muslims. The Muslims-managed organizations consider incorporating the concept of ‘Ibadah in several ways. One of the principle means is of providing facilities for worship within their premises. Besides, the compulsory prayers, several organizations have established routines in which recitation of the Qur’an is a part of the proceedings of formal meetings. For instance, the work day starts every morning with the recitation of selected Surahs (verses) from the Qur’an and ending with Do’a(prayers) in some organizations. Every formal meeting starts with the recitation of the Surah al- Fatihah and ends with Surah ai-Asr. Friday mornings are special when Surah Yasin is recited during tadhkirahs (discussions). In fact, there is surfeit of speechmaking, discussions, briefings, and other means of verbal communication in matter of establishment of rites and rituals as reported by all the Muslim—managed organizations included in this study, Often, new employees are required to attend orientation programs that include talks on Islamic works ethic. Qayamullayl, staying in the mosque for a night or more for ‘ibadah are practiced by some organizations. Fardu Ayn (compulsory acts for everybody) courses are offered by some organizations which are in the form of training programs for employees. Some organizations offer basic Arabic language courses for employees to enable them to read and understand the Qur’an. Colleges have an Usrah system where small groups of students get together to discuss religious issues. Central of many of these rituals is the idea of regularity and punctuality that is expected to contribute to better time management within organization. The behavioral benefits of the act of getting together to perform religious rites are also evident to these organization as they perceive them to be contributing to better employer—employee relations or engendering trust.

Another element of symbolism is present in some organizations that stress on a proper Islamic dress code. Men are required to wear proper dress covering their ‘arwah (private parts)
properly. One organization expressly prohibits wearing of jeans at work. There are a substantial number of women who work in Malaysia. The organizations prescribe a dress code for Muslimah (Muslim women) that are decent and cover their ‘arwah. Many men wear a songkok (Malay cap) or a skull cap to work. Women wear the Malay female dress the baju kurung and cover their head with tudung (a scarf). It is here that the Malay culture is incorporated within a broader concept of Muslim culture within organizations. The Arab custom of wearing Jubahs (a long shirt covering from shoulder to feet) is present but interestingly one college expressly prohibits wearing of Jubah except by foreigners. This is done to prevent creation of an impression of Malay young men being viewed as terrorists!

Leadership within organization is crucial in the design and implementation of the organizational culture. The managers of these organizations are conversant with the ideas of servant leadership and guardian leadership though the style of leadership is decidedly in favor of guardian leadership. The top managers of these Muslim-managed organizations often have a strong Islamic background and they are enthusiastic about implementing many of the Islamic concepts. In one case a respondent expresses appreciation of the Chairman as “he doesn’t hesitate in helping arranging chairs or take care of other arrangements for the annual general meeting”. Others express that the top management has a helping attitude, manifest a hands – on approach to decision making, and practice managing by walking around (MBWA) these might be indications of a soft, paternalistic style of management within the Muslim-managed organizations. Shura, the collective decision making system, is widely practiced though there might be differences in details. An organization reports using Shura especially in matters concerning award of tenders for projects while another reports using Shura only for lower –level departments to avoid complications and facilitate implementation.

None of the organizations have any organization-wide Islamic system, method or technique accept YPEIM that claims to be using the Islamic management system based on Tawhid consisting of three elements: Tawhidic management, Islamic management procedures, and management in Islam. It was not elaborated what they specifically do for implementing these three elements.

A question was posed to the respondents: does being a Muslim affect an employee’s performance? There are varying responses depending on how the question was perceived. The research assistants were instructed to leave the question open –ended deliberately so that the respondents may feel free to say what they wished to say. Overall, no respondent could say whether being a Muslim affected an employee’s performance adversely or positively. Some of them resorted to platitudes giving statements like, ‘a Muslim should be excellent in terms of performance ‘ or ‘ reward is based on deed, so deeds should be done well’. A few of them said that there was no direct effect rather the effect was indirect by providing bakarah (spiritual enhancement) to whatever one did. Another respondent listed a practical benefit by saying that performance of ablution and prayers at fixed time provided convenient breaks for rest and contributed to better efficiency.
All Muslim-managed organizations in the study provided special facilities for Muslims. These included mosque or smaller prayer rooms called Musalla or Surau with a designated ablution area providing clean water. Friday timings were almost always set in a way to facilitate the congregational prayer. Timings were shortened a bit during the month of Ramadan to lessen the burden of work on Muslims. Leave, often paid, are given if the employees go for the annual pilgrimage, Hajj. No facilities for loans exist in any of the organization for performing religious duties like Hajj or performing ‘Aqiqah for children.

This might be because of the availability of loans from other organizations for these purposes. One organization provides al-Qard al-Hasan (lit. credit in good faith) that is an interest-free loan for a small amount to facilitate marriage both for men and women.

5. Summary

The picture that emerges of a Muslim-managed organization is one that offers a lot of physical manifestations of religiosity. This is evident in the fact that there are several means of communicating the principles and precepts of Islam to the employees. Group activities involving discussions, speechmaking, and propagation of ideas are galore. Formal training programs too include several elements of Islamic knowledge. Actions involved are congregational and other group prayers. The rites and rituals of Islam are embodied in actions such as recitation of the verses from the Qur’an at specified occasions. Thus, the organization culture of the Muslim-managed organization has a distinct Islamic flavor.

Organizational culture has also manifested in ways that people dress. Dress codes for men and women in the organizations are according to the Malay customs. This is an interesting amalgam of local culture affecting the ways that people dress within organizations. Since the Malay dresses for men and women are quite graceful and sober and cover the body parts adequately they might safely be considered as Islamic.

Leadership style is Muslim–managed organization is predominantly a soft, paternalistic style. The top managers or directors in theses organizations are people who are well-regarded in Islamic ways and mannerisms. They have good reputation among the people in general. The power style therefore could be relying on a combination of expert and referent power in the terminology of French and Raven (1960).

A specific system of Islamic management is illusory at this stage. Though there is mention of the Tawhidic system of management but this is not specified clearly as to what it means when it comes to practical implementation. Does the Tawhidic system help in the design and implementation of management systems? Or does it play a role in setting strategies and tactics? Question such as these are unanswered at present.

Further research would be fruitful if a wider sample of Muslim-managed organizations is taken from countries other than Malaysia to include cross-cultural variants.
In-depth work could be done by longitudinal studies of an organization. Specific systems such as the design of an incentive system or specific techniques such as quality control can be studied in Muslim-managed organization to see how Islamic perspectives are incorporated. This study focused on service organizations. Manufacturing organization too offer scope for the replication of such studies. The field is wide open for future researchers in terms of myriad research opportunities.

References:


