

MANAGEMENT OF ISLAMI BANK BANGLADESH LIMITED: PROSPECTS TO BE A MODEL BANKING IN BANGLADESH

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ABSTRACT

Managing is necessary whenever one needs to get things done. It may be called the practice of consciously and continually shaping the organizations. Each and every organization has the manpower that is entrusted with the responsibility of helping the organization achieve its goal. No organization can carry on its business without management. Management of Islami Banks is not the outer sense of this view. It's the proliferation of conventional banking systems based on Islamic ideologies which include modernity and development. It has proved to be unique in its ideals and objectives. It has progressive managing strategies with remarkable operational procedures in lieu of excellent working environment, good corporate culture and steady growth in its business expansion program. This paper aims to investigate the understanding of strategic execution regarding Islamic management in this organization. The study utilizes a qualitative research design by means of policy papers, periodical publications, business magazines, newspapers and Islamic banking manuals as well as the selected Muslim managers of Islami banks. The findings of this study indicate that Islami bank comprehensively practiced the fundamental concepts of Islam and finally demonstrate the managing strategies depending upon which this organization has reached the pioneering position as model bank in Bangladesh. Islami Bank mainly operated on the basis of Islamic ideologies. Quran says, "*Allah (swt) has made business halal and made usury haram*" (Al Quran 2: al Bakara-275).

KEYWORDS: Islamic Ideologies, Modernity and Development, value based entities, Model Bank

INTRODUCTION

Islamic Banking is an inseparable part of Islamic economy. "*Islami Bank is a financial institution whose statutes, rules and procedures expressly state its commitments to the principles of Islamic Shariah and banning the receipt and payment of interest on any of its operations*".(OIC, 1978). Islami Bank Bangladesh Limited (IBBL) is a largest Shariah governance and most compliant bank in Bangladesh. From the very inception, it maintains religious, ethical and social sanctities with topmost importance. Furthermore there are increasing pressures on Islami Bank to prove itself not only financially viable but also Shariah compliant and value based entities. Surprisingly it is noticeable that the leading bank has already been identified as a best bank with upgrading the ranking to 904th in 2020 from 943rd a year ago by the Banker, a world renowned UK-based financial Magazine recently.

Also, IBBL created new milestone in deposit mobilization and inflow of remittance that indicates increased public confidence. Aggregate deposit of IBBL has crossed tk. 1(One) trillion mark recently in the private banking sectors of Bangladesh despite the ongoing Covid-19 pandemic (www.islamibankbd.com).

IBBL accords new record on remittance. It received remittance 800 million dollar or 6800 crore taka in the month of July. It has 581 million dollar in the month of June. IBBL has been achieved the number 01(one) position in collecting inward remittance since 2009.

Now IBBL has recorded robust growth performance. It has been achieved more than 20% market share of the entire banking industry in Bangladesh. It has immense potentials for further expansion as Bangladesh is a Muslim majority country with a vibrant economy of 6% real economic growth over the last decade. It serves 15 million clients through-364 branches, 80 sub branches, 2000 agent banking outlets, 720 own and about 1100 shared ATM and CRM (Cash Recycle Machine) booths across the countries.

IBBL has achieved steady progress and assumed significant dimension by blessing of its managerial efficiency. Furthermore after analyzing the management system of other Islamic banks, financial institutions and Islamic banking windows of conventional banks of Bangladesh, author observed that there is substantial study gap regarding this issue which hinders detail understanding and suggest for further research. In addition, this study also found other shariah based organizations need specific policies to integrate management strategies of Islami bank in their existing management system. Finally this study has proposed some policy recommendations for other shariah based organizations in order to implement management system from Islamic perspective.

OBJECTIVES OF THE STUDY

The principal objective of this paper is to examine the management strategies of IBBL and to demonstrate its key success factors.

Other specific objectives are:

- a. To develop the management system of Islami Bank Bangladesh Limited.
- b. To establish Shariah based Bank as “Model Banking Systems of Bangladesh”.
- c. To highlight conceptual, philosophical and prospective management practice of IBBL.
- d. To demonstrate how to uplift the spiritual and moral standard by means of darsul Quran and Hadith.
- e. To develop complete guidance for Islamic banking organizations and help clarify the behavior of organizations, groups, and individuals yet.
- f. To propose some recommendations for other Sariah based organizations towards adopting management model of IBBL.

METHODOLOGY OF THE STUDY

This study is a qualitative study and largely based on literature review. Different branches of IBBL have been visited to observe and analyze the management practices and strategies to be succeeded in real setting. Additionally world renowned financial magazine reports have been reviewed along with other related documents i.e. books on bank management in Islamic perspective, policy paper/ guidelines, annual/ periodical publications, Internet, different libraries and seminar papers, business related magazines, newspapers and journals, banking manuals and Bangladesh Bank’s guidelines. Besides the Holy Quran, traditions of Prophet (SAW) and historical books have been chosen as good references.

REVIEW OF LITERATURE

The literature designed in this study has been collected from various sources. In doing so, the researcher has been careful in utilizing only those materials written by the accepted authorities. The major sources of literature are as follows:

Shirazi, Aytullah Nasir Makarim (1988) in his study **Management and leadership in the life of prophet (SAW)** identified 'Management' in a very wide sense. It includes not only the general sense of administration, but also the managerial skills and methods required of a teacher, spiritual master, social reformer, military leader, and statesman. It would be a great loss if we overlook the principles of the management of Prophet (SAW) and the methods of his leadership and adopt only the western principles of management and leadership. The only way to attaining a detailed knowledge of the methods to planning, organizing, and motivation and the excellent management of the Prophet (SAW) is a close study of the historical details of the Prophet's life and exegesis of the verses of the Holy Quran which relate to this aspect.

Text Book of Islami Banking, Published by-Islamic Economics Research Bureau (1990). In this compilation different issues and articles of Islami Banking have been discussed. A good number of articles with regard to Islami Banking show about what is Islami Banking, different problems and prospects of Islami Banking, different cases and other relevant issues of Islami Banking. Besides, how Management of Islami Banking can be enhanced it has been discussed in this text book. But detail managerial issues are not discussed in this book.

Moursi, Mohamood A. (1995) in his study on **some principles of management in Islam** presented a number of Islamic principles in selected area of management. He says,- God is the supreme ruler and manager of the universe. God asks man to exercise self-management. In managing human resources and other assets, man is responsible before Allah for how he discharges his responsibilities. In managing time, Islam commands its followers to use time profitably and not waste these valuable but limited resources. This study also suggests that Islam has rich source of ethical principles of managerial conduct.

Sharfuddin, Ibn Omer (1995) in his study on **Motivation the cornerstone of human performance: An Islamic and comparative perspective** says, the Muslim manager of a public or private Islamic organization will use these guidelines and concepts provided by the Islamic teachings in applying proper motivational techniques that will solve the chronic problems of human resource management to raise productivity; lower absenteeism, tardiness and misbehavior, and reduce corruption. In contrast, western organizations need to pay more attention to the religious and spiritual dimensions in management and organization which is comparatively lacking in their organizations.

In another study on **Management control in Islam: An introduction** Abo-Hobeish, Ahmed Mostafa (1995) Observes that the term management control is elaborated on its meaning in a simplified way to pave the road to the introduction of the Islamic rules. He also observes that certain Quranic citations support management control elements. In summary this study concludes that management control is an Islamic concept and has its support in Islam.

Abdel Rahman, Abdel Rahman Ahmed (2000) in his study **Administrative responsibility: An Islamic perspective** says- the present approaches to the question of administrative responsibility regard it as felt responsibility and accountability enforced through formal external control mechanisms. These two approaches, together with recent ideas to promote bureaucratic responsiveness, do not provide sufficiently strong motivation for ensuring and enhancing such responsiveness. Islam synthesizes both approaches and adds a spiritual element: a set of mutually reinforcing values and virtues, which establishes the bureaucrat motivation to serve the public.

Loqman, Muhammad (2001) in this study on **Islamic ethics in management** says that ethical as well as legal standards differ among various societies and nations. Managers of the organizations have the responsibility to institutionalize ethics in order to develop an organizational environment that fosters an ethical decision-making. The Islamic management model is value-oriented and it maximizes Islamic ethical values and standards in all aspects of management. Islam being the complete code of life and recognizing the integrative nature of the secular as well as the spiritual components in all spheres of human life seeks to influence different management decisions. As such, the Islamic management model is treated as a subsystem of the total Islamic system. The Islamic management model operates on an ethical basis or foundation.

In another study in **Islamic Management System and its Application in the 21st Century World** by Dr. A.R. Saghir, Dr. Muhammad Munir Kayani, Dr. Tayyab Alam Bukhari (2014) indicates Authority Obedience and Respect in Islamic Management is the basic fundamental requisite for taking work from others and getting it done. They also realized the importance of joint consultation (Shura) and teamwork in decision making putting upon trust to Allah (swt) in any consequence for effective management system. They also postulate the principle of equal opportunities to grow, contribute, and be rewarded accordingly in Islamic management. They are supposed to require a certain degree of commitment which can only be achieved through motivation. They also emphasize on the fact of full use of physical, emotional, and unique intellectual capacity of an individual. They finally try to explore more efficient, effective and result oriented management system but not highlighted the strategic management factors or key performance indicators.

In studying the research article by Serajul Islam & Tania Sultana (2019) **Practice of Islamic Financial Management in Bangladesh: Evidence from Islamic Banks** revealed ethical and unique components of Islamic financial institutions (Islamic banks). They also highlighted the introduction of broad economic and structural reforms in financial systems, the liberalization of capital movement, privatization, global integration of financial markets, and the introduction of innovative and new Islamic financial products. They also states *issues and challenges of IFM*. The findings of overall Islamic bank financial management operating efficiency suggest that most of the Islamic banks in Bangladesh are facing high-operating cost due to the inefficiency of managerial skills and inefficient utilization of resources. Immediate attention from the respective authorities, including practitioners and policy makers are indeed vital.

From the above review of literature it is quite evident that the Management of Islami Banking concepts highlighting strategic and managerial success factors and its different issues in the context of Bangladesh have not been studied so far in an integrated manner. In many studies, it is not mentioned that there may be a concept named as Islamic Bank management. All the studies were on different issues of management of Islamic thinking. However, some thinkers have opined that there is a separate concept existing as Islamic Bank management. Moreover, the traditional authors of management have not mentioned any contribution of Islam to Bank management. Considering the above factors a study on “*Management of Islami Banks: Prospects to be a model banking in Bangladesh*” has been chosen.

KEY CHARACTERISTICS OF IBBL IN THE OPERATIONAL POINT OF VIEW

In the recent era, Islamic banking and finance becomes an important topic both in the academic literature and among practitioners since it represents a new reality to the conventional banking practices (Khan & Ahmed, 2001). Key characteristics are stated below-

- a) Shariah based bank i.e. activities directed based on Quran, Sunnah, Ijma and Kias.
- b) Interest free finance
- c) Equity sharing
- d) Venture capital

- e) Socio-economic justice
- f) Distributive justice
- g) Sense of co-operation ,responsibility and reliability
- h) Leadership quality and ability to supervise
- i) Intelligence and power of judgment
- j) Consciousness about security
- k) Establishment of Adle and Ehsan in economy

PRESCRIBED SHARIAH RULES

Islami Bank Bangladesh Limited (IBBL) operates its activities under the constant guidance and surveillance of the Islamic Shariah Board. IBBL collects Amanah (deposits) from customers based on two principles i.e. Al-Wadiah and Mudarabah. The bank invests or deploys its funds in Halal business under three mechanisms i.e. Bai, Share and Ijara which includes various modes of investment. And the profits from the business are distributed among the stakeholders as per Islamic Shariah. It has Shariah Council that governs and controls the activities conducted by the bank on the precepts of Islamic Shariah. The Shariah Council consists of prominent Ulama, reputed bankers, renowned Lawyer and eminent Economists.

UPGRADED CUSTOMER SERVICE

Any customer can learn about any systematic and necessary information visiting physically to the bank or surfing the website furnished with updated data and information. Anyone can gather information about IBBL's financial activities info, products and service related info, alternative channel info, forms and publications info, career development info, new financial and technological up-gradation info etc. launched in the bank. Information technology as a mean of innovation is one of the essential assets in order to compete by providing more excellent value and satisfaction to the customers. Comprehensively, Al-Salem (2009) explains the need for innovation imperative in order to meet customer needs and desires by offering competitive services. Through the utilization of technology, the firm will be able to operate efficiently, cost effectively and quality consciously (Johnson, 1992). The bank also provides the updated products and services info by sending message or through e-mail. Now the updated info is also available on mass media i.e. national and international media, websites, social media, face-book, YouTube

DIFFERENT MANAGEMENT TECHNIQUES ADOPTED BY ISLAMI BANK BANGLADESH LIMITED (IBBL)

Management is a most crucial factor to be succeed in any organization from both micro and macro point of views. Smooth and efficient management affects the satisfaction of the customers and staff inherently. Islamic management practiced by former Muslim civilization was so successful that the Muslims were able to conquer half of the world (Mohiuddin, 2007).The basic theme, philosophy and directions of Islamic management are based on the Quran and Shariah (Ather, 2006). The philosophical foundation of the Islamic Management is Tawhid, Risalah and Akhirat (Ahmad, 2006)

Islamic management means conducting activities depending upon the guidance of Allah (SWT) and following His prophet (saw) with an accountable mentality, integrity and skills to achieve a predetermined objective (Mohiuddin, 2012).

In Islamic Management, managers are very much aware of their responsibilities and accountability. They think that they are accountable to Almighty Allah (swt) in any kind of decision taken by them. Side by side they don't forget their ethical responsibility (Tashihiko, 2002).

Different types of management methods, techniques and strategies are adopted and practiced by Islami bank for executing upgraded service for the sake of customer:

1. Manpower Management
2. Fund and Liquidity Management
3. Investment Management
4. Customer Service Management
5. Foreign Remittance Service Management
6. Management of ATM
7. Agent and Sub-Branch Management
8. Money Laundering and Terrorist Financing Management

Over the past decade, a huge number of papers about managements of Islamic Banks have been published. My topic mainly focuses on managements of Islami banks which are discussed below in the aforementioned methods:-

1. Manpower Management

Manpower Management is a very crucial issue to cope up with competitive and strategic banking business arena. It is mainly concerned with HRD of a bank. It is a continuous process to perform the organizational activities effectively and efficiently. HRD of IBBL asked for required manpower excelling Shariah-knowledgeable and managed to inventorying them according to the requirement of various divisions. Each and every manpower is advised to be more hardworking, devoted and dedicated to the duties and responsibilities assigned to them from time to time and thereby prove worthy of the confidence reposed in by the bank. In establishing an effective and efficient workforce in organization, it is important to know and understand how to manage an organization according to Islamic perspective and approaches where majority or all of the employees are Muslims (Khair et al. 2016).

The Inherent Qualities of manpower in IBBL consists of -

- (i) Knowledgeable (Quran-58:11)
- (ii) Risk Taking ability & mentality
- (iii) Consistent
- (iv) Committed
- (v) Communicative
- (vi) Honest
- (vii) Ethical
- (viii) Strategic
- (ix) Sincerity (Quran-4:35)
- (x) Wisdom (Quran-2:259)
- (xi) Reliable (Quran-49:6)
- (xii) Truthfulness (Quran-19:41)
- (xiii) Proactive behavior, and
- (xiv) Expertise.

2. Fund and Liquidity Management

Bank is an institution upon which customer feels the sense of safety and utmost service. IBBL estimates the demand for funds and maintains the provision of adequate reserve to meet those needs. Each branch has a cash limit which turns security measures and profit. IBBL's branches maintain vault limit and counter limit. In case of excess cash, it remits the fund to other branch or other bank's branch depending upon their requirement. Also excess cash is remitted to Sonali Bank, the agent of Bangladesh Bank, and

received cash from them in case of shortage of fund. All corporate and authorized dealer branches have to manage excess and shortage fund of alongside branches.

3. Investment Management

IBBL applied different strategies to ameliorate its income. Investment is one of them. The investment strategy of IBBL mainly concentrates on avoiding centralization of the use of funds and emphasizing the diversification of the risks of funds. The invested assets of banks positively contribute to the success of the bank as an institution. Investment can be made for adjusting liquidity or to reduce tax liability or to diversify risks. IBBL's investment policy includes the specific steps and types of investment to achieve specific purpose. If security price fluctuates, banks have to face serious problems. For that investment officers consider the effects of price fluctuation of financial instruments before making investment. IBBL preferred the sectors for investment that shariah certify as halal i.e. ethical activities as well as that uphold national interest maintaining public confidence and social responsibilities.

4. Customer Service Management

IBBL's all branches categories various departments in unique ways to render prompt and proactive customer service. It specifies specialized and separate desk service by maintaining number and queues. A bank branch mainly focuses on cash transaction service. Each and every branch has separate cash receive counters namely local cash receive counter, online cash receive counter and cash payment namely cheque payment, foreign remittance payment, POS payment counter etc. It also has VIP customer dealings counter specially for main income generating companies of branch, government service holders, university teachers etc. All branches also have a required number of suitable and separate women customer service counters. All divisions are furnished in that ways to deal with a prompt service. Now IBBL's strategy is to avail competitive advantage by offering well matched products and expected service. Firms that get to market faster and more efficiently with products that are well-matched to the needs and expectations of target customers create a significant competitive advantage (Salem, 2009)

The managing authority attempts in conducting exploratory factor analysis i.e. market research, customer assessment, customer satisfaction and customer relationship management.(Khong Kok Wei, Mahendhiran Nair,2006) The branch incumbent fixes a day in a week and arranges a meeting and instructs how to ensure better customer service. He allocates duties and responsibilities among the officials, reviews the current physical systems, make job rotations and change a desk to ensure prompt service. He also suggests officials how to resolve any dispute arise in rendering service in Shariah perspective. The Quran urges the Muslims to try to adjust any dispute which may arise between them. *"Have a fear of Allah (swt) and keep straight the relations between yourselves, Obey Allah (swt) and His Messenger, if you do believe"* (Al Quran, 8 Al Anfal :1)

5. Foreign Remittance Service Management

IBBL pays topmost importance to the foreign remittance service because expatriates customers' earnings greatly affect a country's national income and economic stability. Efficient officials are assigned to perform in deft foreign remittance service and a supervising officer is selected to ensure better service. IBBL has a well designed, testable, serviceable, assemble, quality controllable and reliable foreign remittance software to ensure prompt and proactive service on behalf of remitter and beneficiary. They render foreign remittance service by maintaining their organizational standards and government legislative as well as regulatory requirements. They also maintain a separate desk service prioritizing their requirements.

6. ATM Management

A branch gives more emphasis on ATM management because it helps to reduce congestion in branch premises. In order to render prompt customer service, branch directs an official to strictly preserve ATM and VISA card as well as to look after the statement of ATM booth. Branch pays utmost emphasis to handle ATM customer service by sorting attractive new notes. The official is also advised to make proper arrangement, delivery, marketing and maintenance of ATM and Visa card issued and related works. The managing authorities also give utmost importance in handling the complains and arguments raised by valued customers as well as informed the customers continuously the security concerns to protect their interest.

7. Agent and Sub-Branch (Booth Banking) Management

Agent banking is a strategic innovation to cope up with competitive banking business arena. It is called low cost bearing department of a bank. At present management gives emphasis on agent banking outlet operations. Branch selects a prospective business area and tries to manage a renowned business holder who has a willingness to take agent ship. Branch recruits manpower for that agent who has proper knowledge and skills about Shariah related issues. Agent holder decorated the outlet according to the branch prescribed format. Agent holder creates a settlement account with the branch for smooth operations of the outlet. At present(2020) IBBL accords tops position in case of deposit mobilization and foreign remittance acquisition by their agent banking operations for its management efficiency and guidance. IBBL also operates its booth banking activities for rendering and executing the government promising strategies of financial inclusion.

8. Money Laundering and Terrorist Financing Management

(Ref: BFIU Circular No-10 dated 28/12/2014)

As per guidelines of Bangladesh Financial Intelligence Unit (BFIU), Bangladesh Bank (BB) and subsequent instruction of Head Office (HO), a Branch Compliant Unit (BCU) has been formed to supervise, perform and implement of overall activities of Anti-Money Laundering (AML) and Combating Terrorist Financing (CFT) of the branch. Duties and responsibilities of various department officials are allocated in addition to the existing duties-

Table: Duties of Various Department Officials

SL No	Name of Officials	Designation	Responsibilities	Remarks
1	A	Manager Operation	BAMLCO	
2	B	Investment In Charge	Member-Investment related Issue	
3	C	General Banking In Charge	Member-GB related Issue	
4	D	Fund transfer Manager	Member-Fund transfer related Issue	
5	E	Cash In Charge	Member-Cash related Issue	
6	F	Account Opening Officer	Member-Account Open related Issue	
7	G	Foreign Remittance Officer	Member-Foreign Remittance related Issue	

The BCU will remain fully updated through collecting letter, circular letter issued by BFIU and our HO time to time and ensure strict compliance of the related rules and regulations at branch level aiming to save the bank from all sorts of ML/TF risks. The BCU performs close monitoring on the basis of Cash transaction Report (CTR) and Suspicious Transaction Report (STR) and provide report to the Central Compliance Committee (CCC) on the basis of suspicion. The CCC scrutinizes the report provided and on the basis of authentication, the report forwarded to BFIU in the prescribed form. (www.bfiu.org.bd) (Bangladesh Financial Intelligence Unit)

BASIC ELEMENTS OF MANAGEMENT TECHNIQUES

Islamization of the management concept so as to impose justice and fairness in managing people as the aim of man's creation (Jabnoun, 1994; Abdul Hamid, 2007) Management techniques of Islami banks are the proliferation of conventional banking systems based on Islamic ideologies which include modernity and development. As addressed by Tahir (2004) that there is a dire need for comprehensive review so that Islami Bank could offer a more innovative product, especially in the following of specific areas: Deposit mobilization, financing, liquidity management and regulation as well as control of Islami bank.

IBBL's management methods comprise of the fundamental activities of planning, organizing, leading, motivating and controlling in lieu of Islamic perspective which are discussed below in the Islamic viewpoint-

Planning

IBBL sets up a specified planning process depending upon Allah (swt). First, they determine their segmented customers, discover their needs, develop the product or service features that best match the customer needs, develop the processes able to produce the product or service features and finally transferring plans to operations. The managers of IBBL depend on Almighty Allah (swt) for the outcomes of any planning action. It is known in Islam as Tawakkul. Allah asked his believers to depend on him. Allah says-*"Then when you have taken a decision, put your trust in Allah(swt), certainly Allah(swt) loves those who put their trust in Him"* (Al Quran, 3: Ale Imran 159) *"...And whoever holds firmly to Allah (swt) has indeed been guided to straight path"* (Al Quran, 3: Ale Imran 101) *"O you who believe, persevere in patience and consistency, vie in such perseverance, strengthen each other and fear Allah, that you may prosper"* (Al Quran, 3: Ale Imran 200). Islamic organization conducts in applying Islamic managerial concepts of consultation and Shura in making decisions. (Mohiuddin, 2012)

General guidelines for all employees from managing authorities-

For branch level-(Ref: IBBL/ BRANCH/YEAR-2020)

1. Every employee must attend office at 9:45am.
2. All employees must keep the atmosphere neat & clean
3. Manager advises to receive every client cordially with Salam and satisfy them for saving the interest of the bank
4. Every employee fixes up a target to induce customers registering a required number of ATM card, SMS banking, m-Cash banking, cell-fin banking, i-banking etc. to popularize ADC (Alternative Delivery Channel) products.
5. Cash officials make daily plan of cash remitted to other branch as required or collect excess cash remitted from the subsequent branches.
6. Cash in charge ensures sorting, stitching and fly leaf attaching and remitted the excess cash to Sonali Bank.

7. An Investment official plans every day to maintain record of overdue investment clients and communicate for recovery the aforesaid disbursement.
8. An ADC official takes care of the ATM Booth machine and loaded cash in case of insufficient balance of ATM booth.
9. An account remediation officer plans to update the required number of account opening forms with recent KYC (Know Your Customer) and TP (Transaction Profile).
10. An account opening officer listed the high risky account and make physical visit and ensure the risk intensity and reported the top management authority whether the maintenance of account with the clients or not.
11. An official is nominated every day to handle arise by Head Office (HO), Zone Office or the branch itself.

For Head Office--(Ref: IBBL/ HO/YEAR-2020)

12. Head Office arranges Business Development Conference on every month. Conference held on Virtual platform on critical situation.
13. Every year IBBL makes a plan and policy that prioritizes stimulating productivity–enhancing investments in infrastructure, human capital and R&D (Research and Development) which helps in a higher growth trajectory.
14. Anti-money laundering and combating financial terrorism (AML & CFT) meeting held on once in every three months directed by HO.
15. IBBL plans to inaugurate sub branch and agent banking outlets on huge number in every year to promote financial inclusion.
16. IBBL plans to arrange virtual conference on capacity building in foreign remittance
17. IBBL’s planning activities are merged between single and multiple activities with sustainable and inclusive growth agenda.
18. IBBL strives to become more inclusive and sustainable, they are increasingly expected to set up the courses of action towards higher organizational achievement and advancement standards and their long term vision and policies will be critical to achieve these goals

IBBL paved the way forwarded on the basis of sequencing-



Organizing

IBBL tries to maintain compatibility with competitiveness and growth. It strives to achieve perfection by continuously improving the business model. It made a balance between technological integration and human capital investment in enhancing productivity. It tries to integrate its systems with significant innovation capacity and technological capabilities. An empirical study conducted in Bangladesh by Hossain (2011) indicates that “the more the manager applies the Islamic principles of management, the more effective the organization becomes.” Hossain (2011) observed that the growth of an organization relies on knowledge and discipline, unified efforts, Al-Adl (justice) etc.

IBBL has a very stable organizational condition, sound financial systems, good corporate governance and institutional systems as well as efficient human capital. IBBL’s performance on ICT adoption and innovation capability indicates the critical success factors.

IBBL’s organizational activities mainly based on 12 pillars-

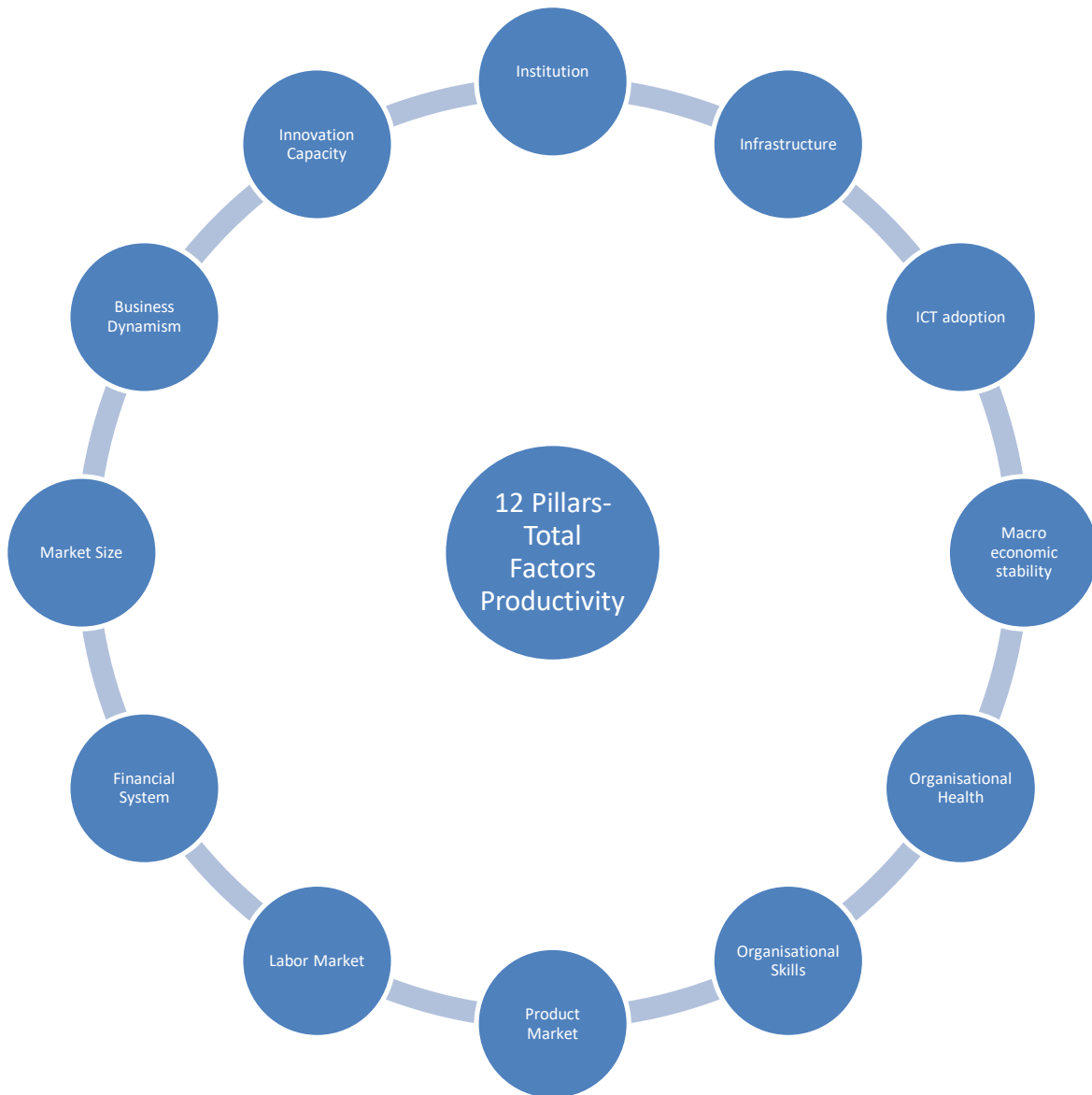


Figure: Total Factors Productivity

Leadership and Direction

By combining insight, business models and action plan the managing authority of IBBL serves as accelerator for emerging problem solution. Leaders of IBBL seek Allah’s pleasure and put trust to Him in solving a problem and maintain justice in any judgment. Allah says, - “*Those who if we give them power in the land, establish Salat and pay Zakat and enjoin the right and forbid the wrong, with Allah rests the end of affairs*” (Sura AL Hajj). Leadership is one of the core corners in our social activities (Patwary, 2003). Leadership is a process of influencing and supporting others to work enthusiastically towards achieving objectives (Koontz, 1994). Allah says- “*And who have answered the call of their Lord and establish*

prayer and who conduct their affairs by consultation and spend out what we bestow on them for sustenance.”(Al Quran, 42 Al Shura: 38).

In case of new challenge highlighted by managing authority, they invite experts or leaders to join with co-shape new solutions working together and directing with urgency. In IBBL, business creativity is encouraged and leaders continuously try to improve talent adaptability. IBBL’s leaders address all kinds of internal and externalities, positive and negative, intended or unintended solutions in order to adjust with the circumstances. IBBL maintains a steady performance and leads the PCBs in Bangladesh for many decades. To make intelligent decisions, employees throughout the company need to be informed. The top management spends a great deal of time communicating the goals and strategies of IBBL in a way that is understandable to all employees. The primary duties of a leader are to lead the people in offering prayers, to look after their interest with justice and run their activities in a disciplined and systematic way (Ahmad, 2006).

Branch manager emphasizes not only to give directions but also to give responsibility to subordinates for the means of achieving the goals. The Holy Quran confirms; *“We raise some of them above others in ranks, so that some may command work from others”* [43:32] (Translated by Hilali). Most of the managers play the role as supporters and advisers rather than autocratic bosses. Branch managers delegate the authority and responsibility to the section in charge and the section in charge delegates his assignments to the subordinates. All of employees perform their activities on target basis and engage themselves on valid competition. *“The forceful Muslim is better and is beloved more by Allah than the weak Muslim”* (Sahih Hadith narrated by Imam Muslim).

Effective leaders see and understand the big picture. IBBL leaders simplify complex situations and problems so as to understandable by all employees. Leaders of IBBL mainly emphasize on honesty, a strong belief in the value of people and customer satisfaction. They also emphasize an open-door policy which promotes team efforts. Islami bank encourages freedom of thought. Practicing managers or executives create such an environment in the organization that the staff members can easily give opinion on any issue. The four Khalifs of Islam consider this as an essential element of their leadership (Patwary,2003) The success of a leader is dependent on team building that leads to team spirit. Prophet Muhammad (saw) says *“The Hand of Allah(swt) is with the Jamah (team)”* (Sunon Al Tirmidhi) (Ather, 2006)

Leaders in IBBL serve as a call to action to engage in visionary and bold leadership as well as proactive policy makers. Most of the managers follow the democratic leadership strategy in building shared prosperity and managing the transition to a sustainable growth. In the context of providing a good leadership at workplace, a manager is supposed to adopt a middle path and develop a balanced personality. The experts have recommended that such a manager is: *“Strong but not violent, lenient but not weak and generous but not extravagant”* (Ahmad, 2001)

Most of the leaders have the capacity to come forward by creating emerging pathways, new policies and strategies to adopt win-win situation. By strolling through the banking arena top managers keep in touch with what is really going on the company. Most of leaders make in sequencing the journey towards the three objectives-



New inclusion to the existing one and sustainable pathway with competitiveness meets sustainable development.

Motivation

Motivational techniques are mostly needed in every organization for performing their activities effectively and efficiently. According to Robbin (2005), motivation is the process to determine the intensity, direction and the provisions of the individual's in achieving goal. According to Utz (2011) "drive or motive is part of nature created by God for human as a fundamental of human personality and behavior to achieve certain goal". Daft (2010) defined motivation as "forces either internal or external to a person that arouse enthusiasm and persistence to pursue a certain course of action." Islamic motivation provides better satisfaction. By Islamic motivation, a person thinks that his work is a part of Ibadah and wants to get the pleasure of Allah (swt) and performs the activities properly. *"Those who do not judge in accordance with what Allah (swt) has revealed are wicked indeed"* (Al Quran,5: Al Maidah 547)

IBBL uses some motivational techniques that influence the employers and employees in the organization and enhance their work area and smoothly they gain their desired goals. The motivational techniques used by IBBL which turns better outcomes for the organizations are as follows-

- ✓ Proper utilization of resources
- ✓ Proper judgments
- ✓ Spiritual and materialistic training i.e. arranging darsul Quran and Hadith after everyday's Asr prayer.
- ✓ Fantasying work environment
- ✓ Cordial guidance and helping hand
- ✓ Faith, religious intentions or purpose and strong self-determination (Khair,2014)
- ✓ Extending reward in here and hereafter
- ✓ Suitable and separate working condition and hour for men and women
- ✓ Arranging suitable place for performing prayer
- ✓ Equal rights of the employees
- ✓ Polite behavior
- ✓ Providing bonus and incentives
- ✓ Faith, commitment and trusteeship
- ✓ Combination of physiological, material, psychological, spiritual and mental or intellectual needs fulfillment.

Psychologist asserts that motivation activates behavior and impels an individual forward toward achieving goals or needs. IBBL arranges a foundation training program at Islami Bank Training and Research Academy (IBTRA) named Phase-1 and Phase-2 training session with duration of 01(One) month for greater prosperity. At the end of training period IBTRA arrange exam and fix up a merit list and awarded with attractive prize. Allah (swt) says: *"Whoever works righteousness, man or woman, and has Faith, verily, to him will we give a new Life, a life that is good and pure and We will bestow on such their reward according to the best of their actions."* [Al Quran, 16 An-Nahl: 97].

IBBL held Business Development Campaign three to four times in a year and awarded attractive prize to the top recorders. Its employees try and think to achieve own satisfaction and pleasure of Allah (swt) by doing the organizational activities. They become conscious about the responsibilities and perform all activities effectively to be successful. The Quran confirms this fact: *“You who believe! Have fear of Allah and seek the means of drawing near to Him and strive in His Way, so that hopefully you will be successful.”* [Al Quran, 5 Al Maidah: 35]

They arrange foundation training courses for greater prosperity. IBBL’s strategy is to encourage participation that means recognizing them which appeals to affiliation and acceptance. They continuously try to improve quality of working life of the employees. The belief held by workers sets the motivations for them. A worker with Islamic beliefs draws his/her satisfaction in an organization not only by need fulfillment as defined by Abraham Maslow’s hierarchy of human needs but more fundamentally, from the belief that he/she is a holder of ‘amanah’ (Trustee of Allah (swt) on earth). (Ahmad, 2001)

Controlling

IBBL has an annual yardstick to assess the progress against full set of factors determining productivity and reactionary measures. It continuously tries to enhance competitiveness, review the current physical systems and prepare a logical design. It reorganizes the strategies and policies setup and referred adequate corrective measures whether structural reform is needed. Each action is judged by intention based on the Hadith below in the saying of Prophet Muhammad (saw): *“Verify actions are judged according to intentions and for every person will be what he in deeded”* (Al Bukhari)

“Then He showed him what is wrong for him and what is right for him” (Al Quran, 30: Ash-Shams 8).
“Every one of you is protector and guardian as well as is responsible for the action of those persons who are committed to his charge.”(Bukhari & Muslim)

Proper and fruitful controlling helps the banks to operate business properly and to avoid excess risk. Organizational control has to operate in a way designed to make the human being subservient to the will of Allah (SWT). (Kazmi and Ahmad , 2006)

IBBL’s controlling measures mainly depend on-

- Reviews the current physical system
- Prepare input and output specification for further expansion
- Prepare edit, scrutiny and control specification
- Re-specify the implementation plan
- Prepare a logical design, system design, physical design and database design for further expansion, modification and enhancement
- Review benefits, cost, target and system
- Determine SWOT analysis
- Determine training procedures for further improvement
- Determine next implementation plan
- Update benefits
- Determine additional functionalities to make sustainable development
- Great emphasis on financial inclusion

KEY-MANAGEMENT PERFORMANCE INDICATORS (K-MPI) OF IBBL

Success mostly depends on policy choices ultimately. The success of IBBL mostly depends on the following strategical factors-

- Conducting strict compliance of Shariah rules and regulations
- Maintaining good corporate governance
- Maintaining reinforcing values of promotion of goodness ('amr bil ma'aruf) and the prevention of evil (nahi 'Anil munkar) (Sharif and Ismail (2011)
- Conducting activities with due diligence – trust and justice (Ismail & Sharif, 2011)
- Maintaining Takwa, Honesty and Integrity (Arastoo Khan, the former chairman of IBBL said that “I haven't ever seen such the combination and coordination of huge number of honest men”)
- Exercising compassionate and sympathetic behavior towards companions and followers
- Deploying quality human assets requiring challenge striving, forward looking, proactive and self motivated possessed with assertive leadership quality
- Asserting full dedications from top to bottom level management
- adopting participatory approach in dealing with one another
- Asserting target to reach global standard
- Close monitoring and supervision of top level management and Shariah Supervisory Committee
- Generating Technology based advancement and adjustment with new technologies (The top management is now trying to convert IBBL into Fin-Tech based global standard modern bank in the near future from the existing level of the bank)
- Greater Innovation capacity for example introduction of Cell-fin, IDM, POS and CRM technologies.
- Executing physical and virtual conference on capacity building
- Better developed infrastructure
- Establishing standard and appropriate legal framework
- Maintaining International Standard (IBBL to launch global standard i.e. Fin-Tech Banking)
- Rapid development of other segment of Islamic finance
- Promoting investment under Bai, Share and Ijarah mechanism
- Increasing investment In agricultural and social sectors
- Fostering competitiveness-enhancing investment
- Establishment of supporting and complementary institutions

RECOMMENDATIONS

Being a Muslim majority country, Bangladesh has comparative advantage over developing Shariah based organization for ensuring peace and welfare in the economy. This is mainly due to the fact that Islamic banking and finance aims to provide justice, honest and fairness to all parties in any financial transaction by ensuring that their rights and dues are preserved accordingly (Abu-Tapanjeh, 2009).

- a. The author recommends to set up appropriate legal framework and supportive policies and also to establish an effective supervisory framework.



- b. The author also suggests to set up Islamic administration in the state level, demonstrate research outcomes on Islamic management, regulate research-based publications, integrate Islamic banking and finance curricula at the university level, establish ideal Islamic banking and finance organizations and finally combine the conventional and Islamic management.
- c. Government should restructure the educational system in such a way that virtuous person will emerge from the system. Educational institution should install subject on Fundamental Islamic Management and Strategic Islamic Management in higher educational system.
- d. Government should accelerate integration among educational institutions and shariah based organizations to ensure best output from the education system and upgrade the elements according to the demand of the economy.
- e. Finally, in the recent trend and robust growth performance of Shariah based banks, government should undertake the opportunity to establish a Bangladesh Government Islamic Bank to accelerate national economy.

CONCLUSION

At last we can say that managerial strategies of Islami bank have now become frontier financial service organizational frameworks in Bangladesh. It basically implements new banking concepts i.e. normative concepts in consonance with the ethos of value systems of Islam. From the very inception, it adjusts its managerial activities on behalf of establishing socio-economic justice, economic welfare, equal distribution of wealth, employment opportunities, poverty alleviation as well as rendering corporate social responsibilities and benchmarking within legal framework. IBBL has its managerial capacity and capability to adjust with upcoming political, economic, sociological and technological esteem changes. Managing authorities of IBBL strive to create an environment which is conducive towards proactive learning and superior performance. They are committed towards providing a positive working environment and circumstance. The firm determination, strength of mind, skilled strategy and innovative power of the Muslim leaders higher than those of the conventional leaders and Prophet (saw) accepted assistance of all these qualities (Khan, 1987). Their needs to investigate the understanding of management procedures and the application of Islamic management practices by Muslim managers has become crucial and urgent in order to be able to develop the Islamic management model in the future.

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