

## Islamic Management Principals and Practice

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### 1- Abstract

This study concerns with the effectiveness of Islamic Management Principles (IMP) that are being used in the Arab and Islamic world because there is a serious need to test the implementation process of IMP. This is telling us that whether the successful Islamic Management Principles that were into practice in the past can meet today's needs and expectation. This academic work trying to spot the light on them principles from the grass roots focusing on the begging of the Islamic era's Resources, Methodology, Values, Concept and Principles, as well as, how the Islamic Management System invested in people taking the lead in establishing a stable and steady management system which is open to the outside world to achieve the designed managerial aims and objectives.

**Keywords:** Islamic Management Principles, Islamic Civilization, Islamic Management Practice, Management System.

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## 2- Introduction

For more than fourteen hundred years ago the Islam teaching had offered sound management principles that are timeless and would suit all cultures, societies and different nations taking in consideration that these solid management principles sourced or resulted from a strong reference which is the Noble Quran supported with a successful practical example of Prophet Muhammad (peace be upon him) these principles have been applied for over a thousand years throughout history and still adding real benefits to private and public sector organizations in different parts of the Islamic world. In the era of technologies and booming globalization where managers often find themselves managing a diverse blend of people across continents, there is a need for universal principles for management. Through this paper I tried to explore the management principles that were given in holy Quran and practiced by the Prophet Muhammad (peace be up on him) shaping the rules of Islamic Management Principles Practice and making them useable. Islam also offers such principles and best practices that any manager regardless of the business sector can adopt for successful management practice. The author will work to prove to all managers and practitioners of management, from aspiring team leader to the seasoned CEO, these Islamic Management Principles will be invaluable enough as they are suitable for people of all different backgrounds, faiths and cultures conducted to examine the practice of Islam in the management of business processes.

In this respect, Quran speaks about justice in general especially trust and credibility in trade, and courtesy, fairness and real equal opportunity in employment relationships, as well as, encourage humans to learn new competencies and practice skills transformation striving for the best possible work achievement which benefits individuals / staff, their organizations and the entire surrounding community. Therefore the religious teaching of Islamic Management emphasizes co-operation and collaboration in work and consultation in making decisions (Branine, M, 2001, pp 26). As a result, management is crucial in Islam and having a leader is obligatory in most circumstances of life managing situations where leadership is a real necessity while facing economic, social, environmental and political challenges and changes, so the Muslim nation can be well organized and prepared in dealing with different crises management circumstances equipped with the needed management skills and leadership administrative competencies.

It is in this doctrine / regard of seeing work as a social, economic and religious duty for Muslims who are able and eligible to work proactively and that humans are trustees of all mighty Allah on earth that employee's relations are based also management is accordingly conducted in the Islamic daily life. As far as the practice of Human Resource Management is concerned, there are many values and norms that managers and team leaders should adhere to in Islam. Values such as trustworthiness, self-motivation and communications, responsibility, sincerity, credibility, helping others, discipline, dedication, exchanging experience and skills transformation.

### **3- Research Assumption / Hypotheses**

This study concerns with the effectiveness of Islamic Management Principles (IMP) that are/must practiced in the Arab and Islamic world because there is a serious need to test the implementation process of IMP in order to answer the question if that will lead to achieving the following:

- 1- Stable socio-economic development.
- 2- Equal opportunities and successful performance.
- 3- Mutual cooperation in our management system.
- 4- Authority obedience and respect of management structure.
- 5- Establishing a scientific and educational government strategy that would lead to best use of Islamic Management Principles for greater achievement and development.

Furthermore, the importance of this article is because that Islam is a complete code of life and not only a religion, and it has solutions to different economic and management problems (Ahmad, 2007, pp131). The Prophet Muhammad (peace be upon him) who is well considered as one of the acclaimed originators of management system via his strong establishment of the first Muslim State in the capital city of Madinah which was the first city to be established in the Islamic Empire. This paper presents the analysis and examination of the management processes of the Islamic teaching. It then brings forth, principles of Islamic management as laid down and implemented by the Prophet Muhammad (peace be upon him). As well as, this is followed by a conclusion and recommendations.

Furthermore, the author strongly believes that it's important to compare the Islamic Management Principles with today management principles and practices, for example; Henry Fayol is famous for his writing of 14 Principles of Management and he largely emphasized that the concept of management is an sparky one which is an important activity to all mankind involved in business management, government organisation and even at the daily household activities. Eventually his efforts led him to develop 14 Principles which made it now been noted that many of his views have a very close linkages with the teachings of Islam. If I may compare and examine his principles with the holy Quranic verses we will find that most of the principles of management Henry wrote were also noted and clearly mentioned in the Islamic Holy Quran through many different chapters and verses. And this strongly indicates that Islam has held the contemporary and modern Principles of Management for more than 1400 years ago to the all mankind even when there was no existence of the subject called Management nor Administration (Steiner, George A. 1969, pp86).

Therefore, in the context of thoughts and theories in management previous studies, the Islamic views needs further studies and examination to enhance the subject of Contemporary Management Studies.

#### **4- Research Aims and Objectives**

The primary goal or objective of doing this academic paper is to explore the nature and content of management system in Islam / Islamic Management Practices, also as previously said to examine the principles of Islamic management as they were implemented by the Prophet Muhammad (peace be upon him). and to achieve the following:

- 1- To provide a realistic analysis of Islamic Management System Principles.
- 2- To verify the key activities for the Islamic Management Practice that were implemented by Prophet Muhammad (peace be upon him).
- 3- To clarify the selected type of Organization that Prophet Muhammad (peace be upon him) was using while implementing his managerial duties.
- 4- To discuss the main differences between Islamic Management Values and Principles, and the traditional norms and values that have influenced management practice in Islamic world.

5- To address if the Islamic Management Policies were affected by the general Societal Context and by Managers Leadership Styles.

## **5- Research Methodology**

Evidence and data for this academic paper will be mostly from the most authentic source of information which is the last testament (the holy Quran) which is no questionable like other concepts and human theories. Which means the paper is based on facts gathered through review of textual sources. Many verses of Holy Quran (English Interpretation) have been taken as proofs and into consideration to prepare this paper. The author is concluded with the fact that more researches are needed to evolve the alternative paradigm in management studies and to which Islamic Verses have also a very crucial role to play as they represent the law of God.

A qualitative approach based on an extensive review of relevant literature in the context of management studies. A special emphasis shall be given in this paper to present an alternative discourse in management studies in the post-modern era which advocates for diversities in thoughts, behaviours and application against the hegemonic and dominant discourse of modern thoughts and ideologies in management studies.

Another source of data collection that was used to accomplish this paper which is the Prophet Muhammad narrations because they were implemented and put in use straightaway by his companions after they were reveled because the Messenger of Islam was not speaking his mind nor was giving his own opinions, as he was spreading the revelation, words, rules and legislation of all mighty Allah.

## **6- Literature Review**

People who are following and believe in “Islam” are about %23 of the entire world population. It is a comprehensive religion with a complete and clear way of life. The reveled Holy Quran, which is the divine book of the world, has the most comprehensive collection of guiding principles which teaches all mankind, guides them and shows them light in every walk of life and the same scripture has the right solution for every problem like personal or issues related with economic, social, religious, cultural, judgmental or politics affairs. Despite the

comprehensiveness of the Islamic teachings, rules and the uncountable clear guidelines, surprisingly very limited studies have been conducted to examine the practice of Islam in the management of business processes. (Griffin, Ricky W, 2005 pp121)

The Holy Quran speaks about Justice and Honesty in Trade, and Courtesy and Fairness in Employment Relationships, and also encourage humans / employees to keep learning new skills and competencies and to continually strive aiming to perfectly do great job which benefits both the individual and the community. Islam ultimately emphasizes a strategic cooperation in work and consultation while making the right decisions (Abuznaid, 2006). Management Practice is crucial in Islam and having an accepted leader is an order by Allah Almighty in most circumstances of life different issues. It is in this creed of seeing work as a social, cultural, economic and religious duty for every single Muslim who is able to work and that humans are chosen as trustees of Allah Almighty on the earth he created and that employee relations and people management must be conducted with polite professional manner as confirmed in superior teaching of Islam.

As far as the practice of Islamic Human Resource Management Principles and are concerned, there are many values and qualities that managers and team leaders should gain and adhere to in Islam. Some of these values could be mentioned as credibility, responsibility, sincerity, discipline, dedication. Moreover, it must be said that the main two resources of Islamic Management principles are the Holy scripture of Quran and the Al-Sunnah which is the sayings, advices, direct and indirect commands, wisdoms, and the actions of our beloved prophet Muhammad (peace be upon him).

Therefore, this is the right way forward and the best methodology for Employees and Organization Management, simply because practicing the principles of Islamic Management would enables leaders and managers to achieve unity among the followers / members of the organization quickly and this will enhances quality performance. Therefore, this paper aims to investigate the understanding of managers regarding Islamic Management and their utility in the organization. own direction instead of following the decision of the group or participate in teamwork (Jarkey, 1997, pp13-16).

## 6.1 The Source of Islamic Management Principles

It is obvious and very well known that the holy Quran and Narrations and Practices of Prophet Muhammad were the main sources of the ancient and current Islamic Management Principles and Practices, and as a result they have played a major role in designing and building the current way, shape and form of most of Muslim countries cultural and managerial systems and strategies. And now allow me to discuss some of these principles in relevance to the Holy Quran and Sunnah or Hadith:

This Principle signifies the concept that area of specialization increases the output and productivity which in turn leads to making the employees more efficient and capable to fruitful their responsibilities. And in this respect the Holy Quran says:

“No person is charged with more than his capacity. No mother should be harmed through her child, and no father through his child. And upon the [father's] heir is [a duty] like that [of the father]. And if they both desire weaning through mutual consent from both of them and consultation, there is no blame upon either of them.” Al Baqarah Chapter, Verse 233. This beautiful verse / quote from the Holy Quran or Scripture can be explained as the fact that physical, social, cultural, emotional and intellectual capacity of an individual is naturally limited and every person has their own talents and potentials.

It may be defined as the process through which supplements are equally involved in the decision making process along with the top level management regarding any issue that may rise. This principle or concept of decentralization has also been already depicted in the Holy Quran 1400 years ago. It is mentioned in Al-Imran chapter, verse 159:

“So by mercy from Allah, [O Muhammad], you were lenient with them. And if you had been rude [in speech] and harsh in heart, they would have disbanded from about you. So pardon them and ask forgiveness for them and consult them in the matter. And when you have decided, then rely upon Allah. Indeed, Allah loves those who rely [upon Him]”. This quote from the Holy scripture can be explained as Allah says to his beloved Prophet (peace be upon him) to be kind to his followers and also consult with them in all affairs. This improved and depicted the importance of consultation in different matters and various affairs. And in this respect the Holy Prophet (peace be upon him) is ordered by Allah to consult his companions so future Muslim leaders will do the same, and in the same manner the Prophet himself emphasized and motivated

his partners and followers to consult with their subordinates in different affairs because that can certainly lead to the right decisions and directions through multiple alternatives. In regard to this very important Islamic Management Principle, it emphasizes that any running organization or corporation must have a proper and strategic plan of action to guide team leaders, managers and workers for achieving their targeted goals and this principle can be found and easily realized in the Holy Quran in these words:

“If there were in the heavens and the earth, other gods beside Allah, there would have been collision in the both” Al-Anbia chapter, Verse: 22

Clearly this verse highlights the fact of the existence of one Almighty God (Allah) but this also shows the necessity and importance of Unity of Command and Unity of Direction. As well as, the entire functioning of the Universe is well managed and accurately controlled by one creator only (Allah) and He doesn't have any companion equivalent to his Position and Holiness. Furthermore, The Organization should have a single plan of action to guide managers and workers. This verse shows the importance and necessity of unity of command and unity of direction. (Majali A, 1990, pp 251-254)

"Almighty Allah does not take pity on one who does not have it for others" Imam Muslim Authentic Reference. Now we are referring to the second source of the Islamic teaching and the Management Principles in Islam and by that we mean the Narrations of the Holy Prophet Muhammad (peace be upon him) also the previous authentic Hadith (narration) shows the importance and significance of kindness not only with his companions and subordinates but also with superiors. The Messenger of Allah emphasized a lot on the Kindness and good treatment. If managers and team leaders treat and deal employees with courtesy and kind manners, then they will get the best and maximum output from them towards achieving the same end in mind. The Holy Quran strongly emphasis this golden rule when it says: “O people we created you from a single male and female couple and then divided you in nations and tribes so that you may recognize one another. “Verily the most honorable among you in the sight of Allah is he who is most righteous of you”. Al-Hujurat chapter, verse 13.

In simple English, the previous verse confirms that the principle of equal opportunities in Islamic Management clearly postulate that all members of an organization shall have equal and fair chances to grow, promote,

contribute, and be rewarded accordingly. If there is any criterion of superiority and respectability in the sight of Allah, it is then Takwa (righteousness). Takwa that leads to steadfastness and success in seeking truth and justice because people / staff / employees fear no one but Allah Almighty. In modern Human Resource Management, constructive criticism and advice become a common practice and considered as a managerial duty, also sympathetic behavior towards companions and followers, and second, the adoption of participatory soft approach when dealing with employees and staff members.

In this principle the Islamic teaching highlights the concept of promoting team spirit in order to build and strongly promote loyalty, harmony and national unity within Muslim groups and all organization. And this process also encourages the subordinates and treats them in such a way that they develop team spirit, belongingness and organizational unity within companies. As per the Holy Quran quoted this principle written in the following words:

“(Telling the Prophet) If you had been stern and fierce of heart they (the companions and followers of Prophet) would have disappeared from around you.

So pardon them and ask forgiveness for them and consult them in the conduct of affairs.” Surah Al-Imran, verse :159 In simple English language the previous verse means that all mighty Allah is saying to his beloved Prophet Muhammad to treat all of his companions and followers with comity.

Therefore, if well-educated team leaders and managers want to keep their employees motivated then they must treat them with courtesy and kind attitude so they can promote Team Spirit, work loyalty and Unity within Arab organizations, (Jabnoun, N. 1994, pp 41).

The teaching of our beloved prophet Muhammad (peace be upon him) says: "When three men travel together, they should make one of them their leader." (Abu Dawood, no. 2608). This Hadith places a strong emphasis on the importance of leadership within Islamic grouping and Organizations. Without leadership, every member of the group will go a different direction comparing to his colleagues instead of following the decision of the group or participate in teamwork. On the other hand, Obedience and respect for authority is the essential and fundamental requisite for taking work from others and getting it done. It is necessary for those employees who are given the job to complete a task to obey all legal and reasonable orders and perform it responsibly. As well as, a

Muslim Leader is required to seek advice and to consult others before making decisions. Taking part in discussions, dialogues and making suggestions are key leadership values in the Islamic culture. The right way to make the best decision on worldly matters.

Shura (consultation) teaches team leaders, managers and top management members to treat their subordinates as their equals and to be, professional and humble in their dealings with other people (Badawy, M.K. (1980, pp51-58). Pride and arrogance are not the behavior of a good Muslim. In the organizations, managers are expected to seek advice and to consult with their subordinates before making decisions. The modern world realized the importance of joint consultation (Shura) and team-work when the Japanese based its management style on it and proved to the world of its effectiveness. The Holy Quran advocates for this concept [42:38]: “ Those who do their work through mutual consultation, pass over (their faults), and ask for (God's) forgiveness for them and consult them in affairs (of moment). Then, when you have taken a decision put your trust in God, for God loves those who put their trust (in Him).”

The holy Quran in Al-Issra chapter, verse 26 speaks against wastage and lavish expenditure “And render to the kindred their due rights, a to those in want, and to the wayfarer. But waste not (your wealth, time, health, Talents, opportunities etc) in the manner of a spendthrift”. And in the same chapter, verse 27 Allah Almighty says: “For the wasteful are the brothers of Satan;

and Satan is ungrateful to his Lord.” Adam! Wear your beautiful apparel at every time and place of prayer: eat and drink: But waste not by excess, for Allah loves not the wasters.” The exact meaning of the two previous verses confirms that wastage either in terms of: valuable material, human capital, energy and fuel, machine utilization, or processing time, creates inefficiencies resulting in the increase of costs and consequent decrease in profits margin. These are the verses that Allah Almighty has given mankind the golden rule of not wasting anything at all.

As Muslims we must also strive to eliminate any wastage around our working environment, at home, in the streets or in society even when faced with resistance. Following these important principles an organization can be able to produce best quality products and services at the least possible cost.

And to prove that Islam proudly accept other good management principles and practices from round the world. A good example can be

given by Toyota because their story of success has inspired many companies throughout the globe, and adoption of Toyota's principles and methodologies in these companies concerning continuous elimination of waste is already underway. Continuous and aggressive pursuit of wastage elimination has led Toyota to become one of the most efficient car manufacturing organizations in the world. In this respect, their success is thus based on two principles:

1. Complete Elimination of Wastage.
2. Equal Level of Respect for all.

Wastage either in terms of: material, human capital, energy, machine utilization, or processing time, creates inefficiencies resulting in the increase

of costs and consequent decrease in profits. These are the verses Islam has respectively. Another golden rule that a Muslim businessman should learn from and practice in his daily life. These above stated verses are emphasizing on the fact that physical, emotional, and intellectual capacity of an individual is limited and not exhaustive. Additionally, since every person is unique in his talents and temperament, and in his skills, it is important not to burden someone with a task that is beyond his scope to deal with it. This is an important principle of modern business management.

Toyota - For Toyota these three principles are called Muri, Mura and Muda categorized under a single principle called Heijunka, which means to level out the workload. Toyota Company practices these principles almost religiously.

If principle (1) is not implemented and the machines are overloaded, then a lot of work-in-process inventory may pile up which will lead to added expenses in terms of material handling and holding cost. If the employees are overloaded,

they may feel frustrated, demotivated, and get tired very quickly, making them inefficient and prone to mistakes which will lead to wastage of time and money. If principle (2) is not implemented and the machines or employees are

under-utilized, the company will face an obvious wastage in the form of fixed overheads. Besides, idle employees are bored employees and highly de-motivated to carry out even the work which is assigned to them. If principle (3) is not implemented and some employees are overburdened while the others are sitting in idleness, it will not only

create a feeling of injustice in the minds of those employees working but a sense of discrimination coupled with frustration and anger which can easily ignite into a possible conflict. These golden principles are not merely for business management but for every person from every walk of life and profession. It is in fact a system of life as a whole.

## **6.2 Islamic Management and Promotion Criteria**

The criteria for promotions in Islam were based strictly on merit, ability and talent, and individual skills rather than that of one based solely on age! For example the Muslim commander Khalid Bin Waleed was carefully selected on many occasions to lead the Muslim army based on his strategic abilities, military prowess, leadership capability and for his creative skills on the battle field. He was a substantial force to reckon with. He participated in so many wars and battles with a dream of embracing martyrdom, but that was not to happen by the will of Allah Almighty. Much of his body was covered with scars from the battle field but death on the field was not to be his. As well as, the Prophet Muhammad (peace be upon him) on one occasion preferred a very young Muslim leaders called Usama Ben Zaid for leading the entire Muslim army. By the way, Usama was and still is the youngest Muslim Army Leader to lead the Muslim army in which there were many valiant and well known companions of the Prophet Muhammad (peace be upon him) who were older than him, but the role to lead the army was given to the young talented and very skillful Usama Ben Zaid. (Ali, A.J, 2008, pp 51-58)

Much more later in the early Muslim era in 711 AD, a seventeen year old young named man Muhammad Bin Qasim was selected by the Muslim Caliph to run the campaign against the pirates of Debal and free the Muslim captives held there. Muhammad Bin Qasim ended up spreading message of Islam in what is known as the present day the Muslim nation of Pakistan and people freely had embraced the religion, who severely suffered and were oppressed by a dictator and tyrannical caste system that had been a plague to the Hindu society of that time.

Many sound management principles, concepts, theories and practices in the contemporary world owe their beginnings to the early Muslim managers who used the most elegant, humane and cutting edge techniques of management in those times and brought the light of knowledge and experience to the human world. On the other hand, even

today the management concepts as per the Islamic methodology can be found in the Holy scripture of Quran and the Narrations of Prophet Muhammad (peace be upon him). It is about time to relive those times and do away with the archaic bureaucratic practices of management that the British have endowed to the lands they have ruled through history. “Islam is perfect but Muslims are not” So never underestimate and evaluate a religion just by visualizing the behavior of its followers. To know Islam study the Quran not the Muslims Therefore, it can also be concluded by commenting that Koran is not only for the followers of Islam but for the entire mankind because it shows the right path of life as well as managerial skills for new entrepreneurs and managers to be intelligent and knowledgeable, it may have been defined as “An organizational structure in which most middle management in direct contact with the frontline customers service and salespeople, shop floor employees and customers”.

In this respect the Prophet Muhammad (peace be upon him) used the concept of a flat organization methodology that was easily accessible to the Muslim society of the time who would come with a lot of issues and affairs to be resolved by the Prophet's wisdom and reconciliation. The Holy Prophet Muhammad (peace be upon him) would always lead the Islamic nation from the front but never shied away nor felt down while doing his personal chores. The duties are like serving his guests, cooking, stitching and cleaning or helping others despite being the leader of the whole Muslims nation. As well as, management levels and their functions have been eliminated, thus bringing the top Management practice in direct contact with the frontline staff members / employees ” The Holy Prophet Muhammad (peace be upon him) proactively used the concept of a flat organization that was easily accessible to the Muslim society of the time who would come with a lot of challenging and new issues and affairs to be resolved by the Prophet himself. The beloved Messenger of Allah Almighty would always had the right organizational sort of management supported with the most flexible leadership style while leading the entire Muslim nation.

The Holy Quran in Al-Baqara chapter, verse 233 reveals: “ No soul shall have a burden laid on it greater than it can bear” and in verse 286 Allah Almighty says: “On no soul doth Allah place a burden greater than it can bears (Pray) Our Lord! Lay not on us a burden greater than we have strength to bear.” And the wisdom out of the previous two verses mean; Do not over-burden any resource, whether it is an employee, an

animal or a machine; Do not under-load any machine, animal or employee; and Balance out the workload onto different machines, animals or on different staff members so that none of them is overburdened or under-loaded, otherwise with regards to their respective capacities People / Employees will turn out as bored employees and highly de-motivated to carry out even the work which is assigned to them.

In fact if this principle is not carefully implemented and some employees are overburdened while the others are sitting in idleness, it will not only create a feeling of hatred and injustice in the minds of those employees working but a sense of discrimination coupled with anger and frustration that can easily ignite into a real possible conflict. These valuable principles are not merely for Islamic Business Management only but for every person from every walk of life and profession. It is in fact a system of life and for all mankind.

### **6.3- Quality Management System Principle**

In various occasions the Holy scripture of the Quran spoke about Quality Management Systems, which is clearly mentioned and pointed out in Al-A'araf chapter, verse 85 / Houd chapter / verses 84 and 85 / Al-Isra chapter verse 35 / Al-Shua'ara verses 181and182 / Al-Rahman chapter, verses 7 to 9 / Al-Mutafifeen chapter, verses 1to 3. And top of that the Holy Quran commands us and make obligatory in Al-A'araf verse 85 when Allah Almighty said: "Give just measure and weight, nor withhold from the people the things that are their due; and do no mischief on the earth after it has been set in order; that will be best for you, if ye have Faith."

As well as it says in the same chapter, verses 84 and 85 "O my people! Worship Allah. Ye have no other god but Him. And give not short measure or weight: I see you in prosperity, but I fear for you the penalty of a day that will compass (you) all rounds. "And O my people! Give just measure and weight, nor undervalue people's goods and products and do not spread corruption on earth after it was reformed by Allah Almighty if you believe in him".

For a Muslim businessman, there is no alternative but to satisfy his customer, for him, profit is only a "means" to keep his business alive also to please and satisfy his customer, but the end result will be taken

care by the Allah Almighty. Islam contains all modern quality management principles, concepts, values are their due: commit not evil in the land with intent to do mischief.” As a proof Al-Essra chapter, verse 35 clearly says: “Give full measure when ye measure, and weigh with a balance that is straight: do not withhold from people (including customers) the things that are their due; ...woe to those who deal in fraud, (Assad, S. (2002, pp. 51- 52).

In the same respect Al-Shua'ara verses 181and182 has made an article of faith by saying: "Give just measure, and cause no loss (to others by fraud). And weigh with scales true and upright.” On the other hand, Al-Rahman chapter, verses 7 to 9 are saying: “And the Sky has Allah Almighty raised high, and He has set up the Balance (of Justice), in order that you may not transgress (due) balance. So ye should establish weight with justice and fall not short in the balance.” Moreover, Allah Almighty said in Al-Mutafifeen chapter, verses 1 to 3: “Woe to those that deal in fraud, - Those who, when they have to receive by measure from men, exact full measurement, But when they have to give by measure or weight to men, they give less than due. Do they not think that they will be called to account?”. I believe that Allah Almighty is not only making obligatory to implement Management Quality, He will also question and punish he who disobey his regulations in this regard.

The Modern organizations finally realized that consumer and customer satisfaction is vital for their survival and business growth. This gave birth to the concept known as quality Management Systems in the Islamic Empire for more than 1400 years ago. There are some organizations whose main focus is to satisfy their customers about the quality of the product or service they receive, but they never compromise on it. Interestingly enough, such firms are many times more profitable over other companies who do not have such Principles and Intentions. This pure and ancient Islamic excellent rule is now used by Modern Organizations and was also implemented in the Japanese word meaning continuous improvement.

To implement Kaizen, quality management of a company or an organization should continuously seek to identify areas where wastage is being done. Once defined and identified, they then set out to analyze and evaluate all related problems, suggest relevant solution, plan their implementation, implement them, and finally review the changes for success or failure through: *Plan, Do Check and Act* cycle.

## **6.4 The Principle of Protection in Islamic Management**

In the teaching of the Holy faith of Islam there are various and different elements which are covered under this principle and should be well protected in Muslim and non-Muslim firms, organization, institutions (Al-Hamadi, 2007, pp 100-113) and the whole society such as:

### **6.4.1 Protection of Believe**

Protection of believe and mind at personal level is achieved through the observance of the different kind of worship and religious practices. The creed, worship and the way of dealing with other people which are legitimate to all Muslims intend to manage the relationship between Muslims and their Lord Allah Almighty and also among Muslims themselves, also between Muslims and Non-Muslims all over the world.

### **6.4.2 Protection of Life**

The protection of life (human soul) is very important and considered as extra priority in Islam and that is the reason why it is placed at the second level of necessity after bearing witness that there no real God worth of worshipping but Allah Almighty. There are many verses in the Holy book of Quran which emphasized that killing this human soul (regardless of who's soul it is) is forbidden and a major sin leads to execution in this life and endless hellfire punishment in the day of judgment. One of these verses was clearly mentioned in Al-Essra chapter, verse 33: "Nor take life - which Allah has made sacred - except for just cause. And if anyone is slain wrongfully, we have given his heir authority (to demand justice or to forgive): but let him nor exceed bounds in the matter of taking life; for he is helped (by the Law).

### **6.4.3 Protection of Mind and Creativity**

Mind or the intellect is a great gift from Allah Almighty to mankind and it is one of the capacities that differentiate a man with animals. The verification of the protection of intellect is obvious when Islam provide the right to freedom of expression, encourages its followers to gain knowledge and experience and forbids them from any activities detrimental to mind. In addition, punishment is guaranteed for those who involve in activities considered as harmful to mind also supports or help this principle.

## 6.5 Islamic Management Practice & Western Management

In modern Organizations, not only the economic development is the final target of Islamic Management but also welfare in the life is also important. Employees should maintain cordial relationship and working team spirit. Accountability is twofold to immediate CEO or Almighty Allah. A manager considers himself as a deputy appointed of Allah to lead people towards doing the job right without any corrupt behavior, using sneaky methods or harming others.

Decisions in Islamic Management must be made through consultation (Mashwara) and a good Muslim manager should not have any greed nor selfishness to misuse the power within his authority. There must be prevailing peace, development and other benefits. In Islamic Management Principles, hypocrisy, forgery, adverse religious activities are not tolerable nor allowed. And according to previous studies, understanding Islamic management principles would help to develop a more appropriate type of management practice in the Arab world and other Islamic countries while still benefiting from the transfer of relevant Western management techniques, management strategies and Western technology. Many scholars would also argue that a reverse diffusion of management knowledge and competencies by managers of Muslim countries is very important for the effective and proactive management of human resources in host countries.

National, traditions, cultural contexts and different views of work values have made a major impact on the ability of firms to address human resource management issues in different cultural settings. Previous papers contributed to the comparatively sparse literature on Islamic Management Principles and their applications by identifying key issues for Human Resource Management implementation and in developing Western understanding of Islamic management systems. The recent past has witnessed increasing interest within different nations concerning Islamic Management Principles and the Islamic world in general. One feature of this trend has been a renewal of interest in business and management processes in Arab and Islamic nations and their political, economic, social and cultural contexts. However most of the attention has been given to Islamic economics and Islamic Management System especially in the wake of the recent international financial crisis.

There have been some attempts to describe the nature and contents of Management in Arab and Islamic countries but there are hardly any

credible and accurate empirical studies that have examined the practice of Human Resource Management from an Islamic management perspective. The Management literature is also limited in exposing the gap that exists between the theory of management in Islam and the practice of management in the Arab and Islamic countries. This paper attempts to explore this gap by examining the nature and content of Islamic management practices and their implications for human resource management (HRM) through an extensive literature review and the employment of examples from Muslim countries.

Furthermore, most of the countries in the so-called 'Muslim World' use a combination of Islamic and civil law, there is very little consideration of Islamic Management Principles in any of those countries. Unlike the common and the civil law, Islamic law is based on the interpretation of the Quran (words of Allah) and the Hadith (words of the Prophet Mohammed), in which is called Shari'ah law. The parts of Islamic law, which are mainly used in most Arab countries, are those confined to specific aspects of social life, such as family, neighbor and inheritance laws, while economics and management are left to civil laws adopted from other legislations especially from the West.

It seems much more easier for Muslim managers to import ready-made models of Western management than to develop and implement their own management thinking. However, evidence shows that foreign business ideas often do not sit comfortably with modern management thought and there is a need for understanding the national contexts in which management is practiced in different countries. The real problem is that management in Arab countries is also influenced by traditional and non-Islamic concepts and values of different cultures of Arab and Muslims countries. (Holt, David H, 1993, pp 13-14).

Neither the modern Western-adopted nor the traditionally-nationally inherited Islamic management practices and behaviours seem to have worked because many of the Arab and Muslim countries are economically and industrially underdeveloped despite of their huge wealth of human and material resources especially Gas & Oil, Agriculture and Tourism. Islamic Human Resource Policies, tend to be adopted and practices with some consideration of the local cultural context in which the firm operates, a view espoused by Tayeb (1996) and which is supported by recent research carried out by Yeganeh and Su (2008). Such variation is necessary and very important because staff

employed in firms do not carry out their tasks in an organisational vacuum but bring their cultural heritage to it, including work-related values and their religious beliefs with them into the workplace. Examples of work-related values and attitudes in Islamic countries are group membership, job status and seniority, tolerance of ambiguity and dedication (Tayeb, 1996). As well as, Human Resource Management policies are also affected by the societal context and by the cognitive styles of managers. Furthermore, Allinson and Hayes (2000) argue that the state of economic development of the country is also a significant contextual issue. This view is very important in this context as Arab / Muslim countries vary not only in political context – some are traditional monarchies while others are democratic republics – but also in their level of economic development and sources of revenue, as some are oil rich and others are dependent on agriculture and tourism and very poor. Therefore, national socio-economic and cultural contexts have had a major impact on the ability of Islamic firms to address Human Resource Management issues. In this respect, Rahwar and Ai-Buray (1992) claim that western organizational theory sits uneasily in Arab and Muslim cultures because of its concentration on individualistic and performance-related and economic measure-based approaches.

For example they insist that many important individual spiritual needs are ignored in Western management thought. Western theories of work motivation and work values may also be inappropriate for Arab and Islamic countries. Rahwar and Al-Buray's views are supported by Bjork and Al-Meer (1993) who investigated Saudi business culture in the context of teaching business subjects, using American management textbooks; they found major differences in business culture on applying Hofstede's dimensions. For example, power distance was greater and consultation was more conditional than free, they also found high uncertainty avoidance and paternalistic tendencies on the part of Arab and Muslim Managers.

Scholars suggest that education often ran counter to local experience but that there was a strong desire to learn about Western business practices as a means of informing local business practices. It seems, therefore, there is ample evidence from the above studies of a gap between what is practiced in Arab countries and what is really needed which means that the overall performance is not achieving the final aims and objectives. In the rest of this paper we will review some of the relevant literature on the Islamic faith as a way of life and daily management system that

organizes Muslims businesses and that includes the practice of management in organizations, as well as, the practice of management in Arab and Muslim countries before discussing the issues raised from the review, (Shareef, 1995, pp 19).

## 6.6 Management of Environment Sustainability

As Dr. Salih has argued that in many different countries, environmental degradation and resource depletion may go too far in violating managerial and economic principles. He suggested that therefore, to maintain sustainable development, the quality of environment of these countries should be maintained. The same scholar further stressed that the importance of natural assets suggests that unmanaged degradation and negative changes in natural assets are not welcomed and can break managerial and economic principles. The environment must be sustained first before sustainable economic development can be achieved. Sustainable development can be achieved through our faith, knowledge and the conduct of good deeds. The reward for “doing good deeds” which are based on Allah’s guidance and have to be accompanied with “belief”, result in sustainable development, safety and vitality in human societies. Figure (1) in the next page shows how, by following Islamic management teaching and principles, people can realize themselves and in religious terms, as ultimate and superior objectives, reach paradise. In this world “heaven” means prosperity and productive, safe, healthy, happy and peaceful life. According to this, “belief” and “doing good deeds” can be interpreted as follows:

**Belief:** Believing that our Creator’s (Allah Almighty) guidance is for the best of human performance and enhance living. People are encouraged by being given free will, awareness and knowledge to follow Allah’s guidelines. Believing in wisdom, realities and expertise; as well as accepting, respecting and following spiritual, individual, social and technical laws, rules and regulations would lead to environment sustainable development.

and overall performance possible, based on the most correct and authentic beliefs supported with the best knowledge and education standards. The lesson can be extracted from the below Figure (1) is that environmental protection (located in layer 3) need to be delivered first then personnel / human being would enjoy pleasure from heaven and social development, or in other words real sustainable development

(located in layer four). Islam perceived the development programme as holistic in nature in which development programmes must take into accounts all related environmental issues.

For instance, forest and greenwoods must be protected so that wild life would survive and can be nurtured. In addition, properties development programmes at hill slopes must be monitored carefully to prevent any landslide that trigger fatal and disasters.

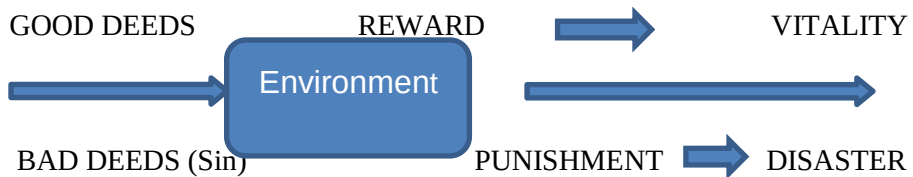


Figure 1: *The process of achieving safety and finally “heaven” by following the (Allah’s) guidance.*

## 6.7 Islamic Management Practice in Arab Gulf Countries

Previous studies of management in Muslim countries seem to demonstrate the significance of cultural and political influences on organizational behavior and have realized the importance of Islam, tribalism, state control and western influence in shaping the type of contemporary management in the Arab Muslim countries (Griffin, Ricky W, 2005, pp 142) There are 22 Arab states with a population of more than 300 million, over 90 percent of them believe in Islam. Frankly, not every Arab is a Muslim and most of the Muslims nation in the world are not Arabs. There are about two billion Muslims in the world, nearly 25 percent of the world’s population. Unlike many developing countries, Arab countries have achieved very limited success in their economic reforms and have made little socio-economic progress. Maybe They have agreed to disagree on having a common market or any other form of regional economic integration, despite their common history, language, culture and religion.

They have all the means for strong economic and political integration but they are still divided forever by their governments’ limited interests and against their people’s wishes The rich Arab Gulf States are wealthier than other Arab countries and are the most politically stable. However, their economic growth and great wealth have depended heavily not on Islamic Management Principles but on expatriate labour and Western expertise, management, knowledge, experience and technology.

Furthermore, the growing affluence of Arab countries, especially in of the Gulf States, which has allowed a bit faster growth in educational opportunities and more exposure to European and North American modes of management theories and practice.

Weir confirms that ‘more Arab Gulf Managers hold university degrees than their counterparts in the US, UK, France, Germany and Japan. Gulf managers receive more management training per year than American and British managers’. Western management is held in high esteem and many professionals and managers have been trained in one way or another in Western countries. It is believed by Arab politicians and businessmen that the bringing of western-style education to their people would definitely help to build bridges between societies and improve the understanding of each other’s cultures, (Allinson,2000, pp.161-162)

Even the sorts of qualifications that are offered to graduates in some Middle Eastern countries are from western universities or qualification awarding bodies. According to Wilkins, ‘several large business organizations, educational institutes and training providers in the Arabian Gulf region offer management qualifications accredited by the National Examining Board for Supervision and Management (NEBSM), which is based in the UK’.

There are clear signs of globalization throughout the Arabian Gulf states which is influencing local departments and workforces to implement Western management practices. The free market economy and the accumulation of wealth in most Arab Gulf countries have finally led to excessive consumer overspending, the introduction of over-ambitious projects, an over-emphasis on professional training and the Western sustainable development, surprisingly with the presence of citizens who are consuming a lot much more than they are producing. This phenomenon has created an over- dependence on goods and services produced and distributed by the major foreign-based multinational firms and companies. Most of the Middle Eastern Gulf Arab Countries turned out to be major consumer markets for Western World Market Producers.

The globalizing force of business, through forward diffusion of Western Capitalist Management Theories and Practices, is clear in all aspects of life, from the increasing presence of multinational organizations and companies, the high exposure of local Arab employees to western

management, increasing numbers of foreign employees, and influences of Western media like activities, as well as Western Political and even Military Pressures Abbasi, (Abdus Sattar, Urrehman Kashif & Bibi, Amna. (2010, pp 15).

strongly recommended that they ‘should identify those areas that are most likely to cause friction and misunderstanding (e.g. religious or political issues). Multi-National Companies executives need to have the interpersonal skills necessary to modify their behaviors and to appreciate differences between them and their Arabs colleagues.

## **7- Results and Discussion**

We suggest that the development and Improvement of Islamic Management System that are based on Islamic Management Concepts and Principles would be relatively appropriate and that reverse the spread of management knowledge and skills and that would be fully informative in regard to Management Practice in Multi-National Companies who are working in the Middle East and Muslim Countries. As well as in local enterprises and this might lead to quicker economic development in the countries concerned

Furthermore, Islamic Management has an extra advantage comparing to the Western Management style because the Islamic Management System is a beneficial well-planned way of life, and not only being business oriented like the Western Management System. As well as, IMP are compulsory to follow and practice by all Muslims round the world. Other than that, there are fewer differences between Western Management and Islamic Management Principles than between the latter and the up to date management in Arab countries. However this statement still needs to be supported by empirical further research and academic papers. Success and prosperity of an Arab and Islamic Organization or a Manager is the outcome of commitment to certain golden principles of life that are readily available to us by the following sources:

- 1- The Scripture of the Holy Quran.
- 2- Prophet Muhammad's Narrations and Practices.
- 3- The Permission of FATWA: New related Principles that recognized Muslim Scholars permitted Muslims to follow when needed in this

regard. And Islamic Fatwa in simple English means "religious permission to practice a certain act".

The previous principles are independent, universal of and primarily aim at building a "whole" man / employee and the entire Islamic nation capable of achieving their true potentials in the purpose and the duties of their life. The Holy Quran which is the most comprehensive divine book of the world has all solutions to every problem and what remains is the practical implementation of these Islamic Principles in our socio-economic and political lives. On the other hand the faith of Islam offers such superior principles and best practices that any manager can adopt for successful Management Principles. The following guidelines which are in order from 1 to 5 would help in achieving Islamic Management Principles:

- 1- To Accept Islam by being Submitted to Allah's Guidance Which is Based on: Belief, Faith, Recognition Doing Good Deeds.
- 2- Following the Guidance Results to: Correct Use and Best Benefit of Nature  
As Allah's Bounty; Good Use of Knowledge, Education and Experts.
- 3- Better / Safer Living Comfort / Saving Human Life Environmental Protection
- 4- Heaven and Social Development Vitality.

## **8- Conclusion and Final Recommendations**

The authors put their 100 percent efforts to this study which clearly reveals that there is a gap exists between the theory of Islamic Management Principles and the Achievement of Islamic Management in Arab and Muslim Countries. Islamic Management in Arab countries in specific, is informed and heavily influenced by non-Islamic traditional and national cultural values and norms of different countries and being attached to Western Management Thinking rather to the Islamic Principles provided by the Holy Quran (words of Allah) and the Hadith or Narrations (words, advices and actions of the Prophet Mohammed).

For ambitious Muslim Academics and Managers, it should be carefully noted that the Japanese civilization has successfully developed its economy by adopting Western Management Practices to their own Cultural Principles, Norms and Values. The same can be said about the

Chinese and the South Koreans nations and the question now is: ‘why not the Arabs?. This paper calls upon Arab and Muslim authorities and managers also the international investors’ managers (expatriates) to learn and implement the Principles of Islamic Management (Majali A. S,1990, pp. 251-254).

The final conclusion according to the research results and conclusions of the researcher recommends the following:

- 1- The need to activate implementing Islamic Management Principles aiming to achieve socio-economic development in the Arab and Islamic World.
- 2- Investing in Employees / Students by activating Business Management Schools curricula in Islamic Management Principles.
- 3- Work hard on the development of Team Leaders, Managers and CEO's skills and abilities to acquire scientific methodology, and critical thinking, and possession of Islamic Management Skills.
- 4- Establishing a scientific and educational government strategy that would lead to best use of Islamic Management Principles for greater socio-economic achievement and development.

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