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Review on Islamic Corporate Real Estate Sustainable Management (I-Cresm) Practice

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Abstract

Islam views humans as God's stewards on earth in preserving the environment in order to avoid dire circumstances. Therefore, the concept of preserving the resources for future generations or sustainability has been exposed to all Muslims. Various verses in Qur'an and Sunnah of the Prophet Muhammad S.A.W highlight the roles and responsibilities of man as a Khalifatullah (the vicegerent of Allah) to preserve the environment; and prohibit mischief to the earth. Global warming and climate change due to human actions have contributed towards many disasters particularly involving the real estate industry. Hence, sustainable practices are found to benefit not only the environment but have contributed to the positive wave of social developments and economic strength. This study attempts to explore the Islamic sustainable principles for corporate real estate management (CREM) practice. Previous writings on Islamic perspective for real estate management were reviewed and references made to the revealed sources of Al-Qur'an, and the Sunnah of Prophet Muhammad S.A.W. Results indicate eight principles of sustainable practices for CREM including sustainable utilization of water, organizational management and good governance, human satisfaction, environmental protection, waste management, energy management, innovation and work-space management. It then suggests further investigation to be conducted involving current practices by CRE managers to gather more relevant and accurate data.

Keywords: Corporate Real Estate Sustainable Management, Islamic Principle

Introduction

The revolution towards sustainability started when the world became concerned with the issues of global warming and climate change that affected negatively on life as we know it. Warren-myers (2012) identified that sustainability concerns surfaced in 1987 due to the scarcity of the world's resources and high carbon emission levels that contributed to global warming and climate change. Additionally, Samad et al. (2010) recorded that the building sector consumes about 40 percent of energy, 12 percent of water and contributes 40 percent

of waste. Similarly, N. S. Fauzi et al. (2016) realized that global warming issues have motivated most corporations to integrate sustainable concepts into their business services and operations. In fact in the Islamic traditions, sustainable issues have been educated to all Muslims from a very long time ago as stated in a plethora of verses in the Qur'an and several sayings of the Prophet Muhammad S.A.W. These traditions preach on the roles and responsibilities of man as Khalifatullah (the vicegerent of Allah) on earth to care for and preserve the environment; and prohibit man to do mischief on earth. Unfortunately, today many disasters happened because of human actions. A case in point is the property industry where research revealed that this industry contributed to the negative impact on the environment starting from the construction period until the completion time. Furthermore, most buildings contribute to the carbon emissions and other contaminants throughout their life cycles (N. S. Fauzi et al., 2016). Umar & Khamidi (2012) concurred that buildings contribute to about 38% of the carbon emissions. Carbon emission from the building materials is capable of increasing the air temperature thus warming up the Earth's atmosphere (Umar & Khamidi, 2012). Hence, today most of the real estate developments are encouraged to apply sustainable real estate development practices to mitigate these issues. Similarly in the corporate real estate management practice where sustainable elements are adopted due to the continually increasing numbers of green corporate real estate (CRE). However, we find very few discussions on sustainable practices. Fauzi et al. (2017) reported that sustainable real estate concepts are still at an early stage of awareness. Therefore, this study was conducted to identify sustainable elements that are embedded in contemporary corporate real estate management practices.

Islamic Principles of Sustainable Practice for Crem

CRE refers to the lands and buildings owned by corporations that are not primarily involved in the real estate business (Musa & Ahmad @ Baharum, 2012). It includes leasehold real estate that is controlled by the corporation (Abdul Jalil Omar & Heywood, 2014). Additionally, CRE is also interpreted as corporate property or real estate that covers industries, offices and retail spaces used for business purposes (Nappi-Choulet et al., 2009). While, CRE management that incorporates sustainable elements is known as corporate real estate sustainable management (CRESM) (Fauzi et al., 2016) or sustainable corporate real estate management (SCREM) (Ziemba et al., 2015).

The concept of sustainable development in Islam is known as a balanced and continual enhancement in material and non-material prosperity of man for both here on earth and in the hereafter (Julia, Kassim, & Ali, 2018). Various viewpoints determine "sustainable" as balancing economic, social and environmental elements through consumer welfare and economic efficiency, realization of social justice, and environmental balance (IyadAbumoghli, 2016). Similarly, the definition of sustainability in general encompasses those actions that recognize renewable resources and ecological capabilities to support human life (Sarkawi et al., 2016). It reflects three objectives namely environmental, economic, and social (Samad et al., 2010). CRESM practices that incorporate the three sustainable pillars of the environment, social, and economic must also be in line with the corporate objectives (Fauzi et al., 2016). The difference between them is in the Islamic practices that are conducted in accordance with the *Shariah* principles and stressed on moral values (Darus et al., 2013). Julia et al., (2018) agreed and stressed on a common *Shariah* school of thought "*Shariah* is life" that shows life cannot be viewed separately from *Shariah*.

In Islamic principles, man should appreciate all of the earth's resources and use it considerately and moderately. Besides that, man is responsible to maintain and preserve this gift in order to share the benefits received with the future generation (IyadAbumoghli, 2016). This is in line with Imam Al-Ghazali's view on sustainable objectives that are to preserve lives, posterity and wealth (Julia et al., 2018). IyadAbumoghli (2016) added several Islamic principles for sustainable development, some of which may be suitable for application to CRESM. It includes sustainable utilization of water including its efficient use and its conservation, organizational management, knowledge and education, environmental protection, waste generation, cultural and ethnic values, and responsibility towards the disabled and the poor.

Sustainable utilization of water: Water is a very important resource from the earth as a gift from Allah S.W.T to sustain life. The word „water“ occurs sixty six times in several verses of the Qur'an. The Prophet Muhammad S.A.W. also emphasized in his teachings on the proper use of water and avoiding extravagance. He once admonished a *sahaba* against wastage of water, telling him that even if he were to be washing on the banks of a river, he should not waste water. In addition, water is the life source for living things, without water, crops are unable to grow and humans and animals are unable to thrive (Mohammed et al., 2009). Allah decreed in the Qur'an “We made from water every living thing” (Al-Anbiya', 21:30). Various verses in the Qur'an also stressed on the importance of water such as Al- Nahl :65 , Al-Rum :24 and Qaf: 9. Therefore, water is very important to be efficiently used and conserved as compiled by Imam Abu Dawud on various traditions of the Prophet Muhammad (Mohammed et al., 2009) .

Organizational management and good governance: Islamic organizational management places great importance on *Shura* in the decision-making process. *Shura* means consultation process. Good governance should be embedded in organizational management. This is to avoid mismanagement and destruction. The Qur'an prohibits man from doing mischief to the earth. Good management practices will seriously take heed of this obligation and avoid any harm to the earth, which includes the environment and all creatures on earth. Mohamad& Hussein (2018) emphasized on the importance of appointing the right person in managing property. The Prophet Muhammad S.A.W. said, “One who appoints an incompetent person to a responsible post has as though betrayed Allah and the Prophet”. Good teamwork is the key to successful achievement of management goals (Mohamad & Hussein, 2018). Allah commanded in Al-Imran 3:103 that we must hold fast onto the rope which Allah (stretches out for you), and be not divided among yourselves to gain Allah's blessings. In reference to this *surah*, Julia et al. (2018) propose that illustrious Muslim countries would be able to move forward and be more developed at par with other countries if they implement and practice Islamic sustainable management practices in their lives.

Knowledge and education: The critical elements in order to develop an in-depth understanding on the importance of sustainability and the benefits derived from them. As mentioned earlier, Islam has educated all Muslims on the ethics and guidelines to preserve the environment. Paradoxically, still a lot of negative actions and practices are conducted on a day-to-day basis contributing to the disasters and harm on earth. All these call for more concerted efforts by every stakeholder to counter the ill effects on earth. Corporations will

do well to respond by investing in knowledge sharing and education in the form of motivation and training of their employees (Julia et al., 2018).

Environmental Protection: This principle aims to balance natural resources and conservation of the environment. It controls uses of biodiversity and implements environmental impact assessment and mitigation. This principle preaches reduction in use of artificial resources that contaminate the atmosphere, the environment and mankind (Julia et al., 2018). The Qur'an advises all Muslim to practice moderation in whatever we do and maintain the balance as Allah has created the world in balance. Going against Allah's decree causes harm to the earth as pointed out in *surah* Ar Rum 30:41 that mischief has appeared on land and sea because of the hands of man. Islam is also against extremism (Mohamad & Hussein, 2018) as stated in Al Furqan 77:67. Both the Qur'an and *Sunnah* provide guidelines on physical and non-physical welfares of humanity and warn against selfish exploitations and excessive use of natural resources (Julia et al., 2018). The fundamental legal principle established by the Prophet Muhammad S.A.W. is that "the benefit of thing is in return for the liability attached to it". Hence, managers should conduct environmental impact assessments to mitigate the worst effects to the earth and all creatures on earth.

Waste Generation: Islamic principles encourage minimizing waste in whatever activities including eating, drinking (Al-A'raf 7:31) and others. Julia et al., (2018) echoed the urgent need to minimize waste. Waste consists of several types such as waste of natural resources, domestic waste, chemical waste, clinical waste and e-waste. Organization of waste is crucial to avoid proliferation of diseases, bad odour and pollution.

Cultural and Ethnic Values: In Islamic principles, cultural and ethnic values present the beauty of racial, spiritual, cultural and ethnic diversities that can create harmony in life. Their basic tenets are outlined in the teachings of Islam and guidelines from the Qur'an and *Sunnah*.

Responsibilities towards the Disabled and the Poor: These include concern on differences in abilities and welfare of various groups and communities. Management of these strata of society includes corporate social responsibility activities and disabled facilities.

The above contrasts with the study done by Julia et al., (2018) that delivers five themes including preserving human faith, preserving human self, preserving intellect, preserving future generations and preserving wealth. All five themes are more concerned on human wellbeing especially towards employees, customers and the community. Recurring themes cover adequate training, good working conditions, and safe working environment ensures good communication and excellent bonding among employees and protects employees' health and safety. These themes express on value creation towards business, environmental concern, energy conservation, minimizing waste, and encourage innovation among employees.

Research Method

This study reviewed previous writing on Islamic perspective for real estate management as well as referring to the revealed sources of Al-Qur'an, and *Sunnah* of Prophet Muhammad S.A.W. The data and information then were synthesized, themed according to suitable categories and presented in tabulation form.

Findings and Conclusion

This study promulgates eight Islamic principles of i-CRESM practices that are points to ponder for pundits who lament the lack of research in Islamic practice for CREM as shown in Table 1. This study then changes the term sustainable Islamic principles for CREM into Islamic CRE sustainable management (i-CRESM). It then suggests further investigation into current practices by CRE managers in order to gather more relevant, recent, and accurate data.

| Table 1 i-CRESM principles | |
|---|---|
| Sustainable Practice | Element Consideration |
| Sustainable utilization of water | Efficient use of water, Water conservation |
| Organizational management and good governance | <i>Shura</i> in decision making process, Good governance, Appointing a right person in managing property, Practicing principles of Islam, Good team work |
| Human satisfaction (employees, occupants, customer) | Knowledge and education, Motivational and training, Corporate social responsibility, Ensures good communication and excellence bonding among employees, Protects employees' health and safety, Cultural and ethnic values |
| Environment protection | Balance of natural resources, Conserved of the environment, Control use of biodiversity, Implementing environmental impact assessment and mitigation |
| Waste generation | Minimizing waste, Well organized |
| Energy management | Energy conservation |
| Innovation | Encourage innovation among employees. |
| Workspace management | Good working condition, Safe working environment, |

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