

# Islamic Management System and its Application in the 21<sup>st</sup> Century World

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## Abstract

Human capital has become a key area of development because if a country lacks good manager its resources are wasted and the whole nation suffers so these are managers who gathers resources and men, money and material in such a way that they produce more than their labor which goes to investors. It is imperative to find the answer of the question of what type of management system can meet the modern requirement of the day needs answer because human resources management took a vital and unique place for social development.

Islamic management system emphasizes that some of you are raised by Allah on others in skills, knowledge, expertise and temperament which is most vital for smooth management. It also emphasizes on obedience and mutual respect, cooperation, equal opportunities, commitment to the work and full use of capacity. The key models of Islamic Management are *falah*, *aml saleh*, *sabr*, *adle*, *ikhlas*, *ammanah* and *ihsan*. These are the foundations on which Islamic management systems building is erected as a tower. These models are helpful for developing a human relationship within working environment, which does not allow anyone to exploit other as in other system usually is done.

**Keywords:** Islamic, Management, System, Application, 21<sup>st</sup> Century, World

**Introduction**

Management starts when there are involved more than one person in doing some work. It can be a home, a class room, an institutions, a factory, a social group or an industry, at every place one needs skills to manage resources like men, material and machines for maximum output. The most important resource is human and its management. For human, it is very much important that every worker is fully motivated and he/she has a desire to work in the organization. Motivation is generally associated with material gains, if the wages are high people will be more motivated but in the current world this concept was refuted and many times high wages do not bring required results. The questions how this resource could be better motivated will likely be answered in the study because no other concepts provide guide lines for the managers.

Management today is defined as “Getting things done by others.” Following this concept, A Manager is now understood as the person who works through others. A good manager, therefore, is a person who not only knows what is to be done but exactly how to get it done. There are many management systems developed during early twentieth century to get better results. The scientific management, systematic management, democratic management worked for quite few years but did not produced effective results because they emphasis on materials rather than men. The human values, its nature and psychology were ignored, the gulf between employee and employer got wide and wide. The management wanted more work, more production and more labor by paying less wages, a few facilities and considering human as machines rather than human beings. Let us present a bird eye view of the western concept of management over the years.

Classical management theorists thought that there was one way to solve management problems in the industrial organization. Generally, their theories assumed that people could make logical and rational decisions while trying to maximize personal gains from their work situations. The classical school of management is based on scientific management which has its roots in Henri Fayol's (1841-1925) work in France and the ideas of German sociologist Max Weber (1864-1920). Scientific management is a type of management that bases standards upon facts. The facts are gathered by observation, experimentation, or sound reasoning. In the United States, scientific management was further developed by individuals such as Charles Babbage (1792–1871), Frederick W. Taylor (1856–1915), and Frank (1868–1924).

It was because the classical management theorists were so machine-oriented that the behavioral theorists began to develop their thinking. The behavioral managers began to view management from a social and psychological perspective. These managers were concerned about the well-being of the workers and wanted them to be treated as people, not a part of the machines. In the behavioral management period, there was a human relations movement that advocates of the human relations movement. They believed that if managers focused on employees rather than on mechanistic production, then workers would become more satisfied and thus more productive laborers. Human relations management supported the notion that managers should be paternalistic and nurturing in order to build work groups that could be productive and satisfied.

The behavioral science movement was also an important part of the behavioral management school. Advocates of this movement stressed the need for scientific studies of the human element of organizations. This model for management emphasized the need for employees to grow and develop in order to maintain a high level of self-respect and remain productive workers. The earliest advocates of the behavioral science movement were

Abraham Maslow (1908–1970), and Douglas McGregor (1906–1964), who developed Theory X and Theory Y.

In more recent years, new management thoughts have emerged and influenced organizations. One of these is the socio-technical system. A system is a set of complementary elements that function as a unit for a specific purpose. Systems theorists believe that all parts of the organization must be related and that managers from each part must work together for the benefit of the organization. Because of this relationship, what happens in one part of the organization influences and affects other parts of the organization.

Another contemporary approach to managing involves contingency theories. This approach states that the manager should use the techniques or styles that are most appropriate for the situation and the people involved. For example, a manager of a group of Ph.D. chemists in a laboratory would have to use different techniques from a manager of a group of teenagers in a fast food restaurant. The solution to these problems lies in the Islamic concept of management which cares for both of them.

### Literature Review

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)

This *ayah* from *Surah Al-Zakahraf* reveals in a nutshell as to why God raised some people over others in ranks that they can get work done from them. This *Ayat* encompasses the entire philosophy and wisdom of modern management. It emphasizes, in essence, the creation of appropriate hierarchies and the division of responsibilities subject to individual capabilities. It basically implies the creation of organizational charts from the top management to the lower management. It stresses the division of work and responsibilities according to individual capabilities. If we ponder over the definition of Management, we will get to know that points discussed in that had already been given by Holy Quran years ago. The Holy Quran has spoken against wastage and lavish expenditure in following words: “And render to the kindred their due rights, as (also) to those in want, and to the wayfarer. But waste not (your wealth, time, health, talents, opportunities etc) in the manner of a spendthrift. For the wasteful are the brothers of Satan; and Satan is ungrateful to his Lord.” [17:27]

These are the *Ayaat* of *Surah Bani-Israel* and in this *Ayat*, Islam has given Muslims the golden rule of not wasting any thing. Following these principles an organization can be able to produce best quality products at the least possible cost. A Muslim must also strive to eliminate any wastage around him, at home, workplace, or in society even when faced with resistance. A very common example would be to control the use of water, food, and electricity according to the needs. Wastage of resources such as material in the workplace, man-hours, machine-hours, Human potential and time should also be minimized. While 100% elimination is not possible we should still try to get as close to it as possible, and this can only be achieved through continuous struggle (Jihad). Muslims would find this easier to do than non-Muslims because they have been explicitly instructed by the Quran. Continuous striving is the only way available to achieve minimum possible wastage or maximum possible efficiency, which is nothing but Jihad in Arabic. 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.” [5:35]

### Authority Obedience and Respect in Islamic Management

Obedience and respect for authority is the basic fundamental requisite for taking work from others and getting it done. Working through people actually presupposes the willingness of people to obey. It is therefore necessary for those people who are given the job to complete a task to obey all legal and reasonable orders and perform it responsibly, as Holy Quran instructs: "Obey Allah and His Messenger and those in position of authority among you." [4:59]

This *Ayat* is a commandment and not a plea. To be a good Muslim, it is incumbent upon the believer to observe the ruling with willingness and honesty. When this spirit of voluntary obedience is instilled in the mind of an employee, the scope of the hierarchy as envisaged by the *Ayat* is strengthened [43:32]. Needless to say, without the spirit of voluntary obedience among those who work, the creation of hierarchy will not serve any purpose.

### Mutual Cooperation in Islamic Management

The modern world realized the importance of joint consultation (Shura) and teamwork when the Japanese based its management style on it and proved to the world of its effectiveness. The Holy Quran advocates for this concept: "And those who do their work through mutual consultation." [42:83] "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)." [3:159] In the *Ayat* [3:159] Allah is saying to His beloved Prophet to consult with others and then take a decision and after taking decision don't take stress just trust Allah. This *ayat* has beautifully stated not only about teamwork and joint consultation but also about decision-making. A very simple and a beautiful rule for decision-making are to just consult, decide and leave rest of things on Allah. And in the 2nd part of the *Ayat* Allah said He loves those who put their trust on Allah. It's a very easy way to ease your nerves after taking a very difficult decision. You have two options either to worry about the consequences of the decision or put your trust in Allah. Definitely second option is better one. So, everybody would like to choose the second one. That is the reason why Allah says that He loves human 70 times more than a mother.

### Equal Opportunities and Islamic Management

The principle of equal opportunities postulate that all members of an organization shall have equal and fair chances to grow, contribute, and be rewarded accordingly. The Holy Quran emphasis this golden rule: "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." [49:13] Our beloved Prophet Muhammad expounded the verse for us on the occasion of *Hajat-ul-Widaa*, in the following words: "In the light of this Quranic verse no Arab has any superiority over a non-Arab nor does any non-Arab have any superiority over an Arab. Neither black is superior to white nor white is superior to black. Of course, if there is any criterion of superiority and respectability in the sight of Allah, it is *Taqwa* (righteousness)." [*Khutba-e-Hijjat-ul-widaa*]

These words suggest that despite the fact that we are all equal, human beings can excel over one another in certain aspects of life. One such aspect could be in terms of righteousness. There can be no better pattern for equal opportunities than the one spelled out by the above *Quranic Ayat*. In the realm of management, it would mean that the criteria for entitlement to any benefit, reward, position, or status shall be such that any one having

requisite qualifications and experience should have equal opportunity to achieve it. This will obviously go a long way towards maintaining the requisite degree of harmony in the work environment conducive to the smooth working of the Management process.

### **Commitment in Islamic Management**

Making people what they are supposed to do requires a certain degree of commitment, which can only be achieved through motivation. It is an established fact that the way a manager behaves or deals with the subordinates determines the level and vitality of their motivation and commitment to a great extent. The Holy Quran too speaks about this golden rule: "(Telling the Prophet) if you had been stern and fierce of heart they (the companions and followers) would have disappeared from around you. So pardon them and ask forgiveness for them and consult them in the conduct of affairs" [3:159] This beautiful *Ayat* emphasizes upon two aspects: one, that compassionate and sympathetic behavior towards companions and followers, and second, the adoption of participatory approach when dealing with them i.e. consulting them, is the most effective way of management. If this golden rule is not observed then "they will disappear from you" i.e. they won't pay attention nor any interest in you or what your work entails. Both these golden rules play vital role in the motivation of subordinates and inculcating in them the spirit of commitment and passion for work.

### **Full Use of Capacity in Islamic Management**

The following *Ayaat* from the Holy Quran reveals another golden rule that a Muslim Businessman should learn from and practice in his daily life. "No soul shall have a burden laid on it greater than it can bear" [2:33] "On no soul doth Allah place a burden greater than it can bear (Pray) Our Lord! Lay not on us a burden greater than we have strength to bear." [2:286]

This principle is 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. If we add another *ayat* to the above mentioned ones, we will come across a set of very comprehensive principles for business management and personal life. "And the Firmament has He raised high, and He has set up the Balance (of Justice), in order that ye may not transgress (due) balance. So establish weight with justice and fall not short in the balance." [55:7-9] The principles mentioned in 2:286, 55:7-9, mean:

1. Do not over-burden any resource, whether it is a machine or an employee;
2. Do not under-load any machine or employee; and balance out the workload onto different machines or on different employees so that none of them is over-burdened or under-loaded with regards to their respective capacities.

### **Findings of the study**

A thorough study of the Quranic *Ayat* it can be concluded that the following core concepts were driven out for human benefits. If they are followed the management would be more efficient, effective and result oriented. These key models are presented in the below:

### **Key Model of Islamic Management**

Kazmi, (2007) states that in contrast, conventional management is the compendium of the concepts, theory, principles, and applications of management studies that we find in

the literature in the discipline of management. Conventional management has developed mainly during the past about one century. Mainly the American and European scholars are credited with developing the conventional approach though contributions have been coming in lately from Australian and Asian sources too.

On the nature of issues dealt with in the publications during the two decades, 1980-2000, the subjects of ethics and values, organizational behavior, and human resource management dominate the scene. The hard issues are dealt with; for instance, by Ali's (2002) work on the foundation for communication in the Qur'an and Sunnah and Al-Junaid and Anwar's (2009) exploration into the behavioral science foundations for Organization Development. Earlier, Rahman and Al-Buraey (1995) make a significant contribution by their work on organizational controls and performance evaluation. Later works show a movement towards the quantitative aspects of management an example of which could be the work of Abul Hasan Muhammad Sadeq and AlKhaliq (1996), which is in the area of contemporary interest of quality management.

The first model is *falah*, that means service to community, emerges as a major concept being applied in Muslim-managed organizations. The key concepts presented by Holy Quran are the guiding beacons of light for the Muslim to follow them. Here are a few of them that are directly related to management. *Falah* is practiced by a bank in terms of propagating the Islamic management concepts to the community at large including the children of bank's member. Service to the community is done by practical steps such as charity for orphans and the poor, donating medical equipment to hospitals, donating horses, vehicles to mosques for transporting coffins, etc. A college reports the establishment of an organizational unit, under its public relations department, exclusively dedicated to community service. Interestingly, an organization that candidly accepts having a low pay structure reports motivating its employees through inculcating a spirit of *falah* among its employees.

The second model is *amal saleh* (pious acts) which is also seen as a component of practicing *falah*. This second model covers many aspects of human life in both worlds. *Amal saleh* is an act that one is accountable of what he does to others and to himself. Every single action, big or small, minor or major, will be rewarded if not in this world then in the world hereafter. It is promised by *Allah*.

The third model is *Sabr* (patience) that is also mentioned in this regard. Another organization sees *sabr* as inculcating full commitment and a positive attitude among its employees. *Sabr* is an act that Allah repeatedly mentioned in the Holy Quran that Allah is with those who hold *sabr*

The fourth model is *Tawbah*. This concept of atonement and repentance is reflected in the design of the domestic enquiry system in an organization that encourages fixing responsibility and issuing warnings before final punitive action is taken thus offering opportunity to the employee to repent.

The fifth model *Adl*, the concept of justice, is seen as avoiding favoritism in the organization. It is placement of all people as per their skills, knowledge and efficiency. *Adl* is also practiced practically by offering a suggestion box scheme for the employees where they are free to make suggestions and complaints that are diligently looked into by the top management. The sixth model is *ikhlas*, the concept of sincerity that is practiced by considering work as worship that is also evident in the concept of *ibadah*. The seventh model is *Amanah*, the concept of trust, which is practiced by an organization by doing away with the system of recording attendance through punch cards leaving it to the employees to be punctual and regular in reporting for work.

The eighth model is *Ihsan*, the concept of love of God, is interpreted by an organization as 'not fooling or shirking work when the boss is not around' The inculcation of an Islamic environment is facilitated through the means of several rites and rituals. The rites and rituals, as is widely accepted in the field of organizational culture, are an essential element in the cultural web of an organization. For instance, Johnson (1988) described a cultural web as having a number of elements such as control systems, structure, symbols, rituals and routines, and stories and myths. The Muslim-managed organizations in this study report several rites and rituals that are associated with Islamic practices. Rites and rituals are an essential element of worship practices in Islam.

### **Incorporation of Islamic Management Models**

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

### **Conclusion**

The whole discussion presents a very pleasing picture of the new unique and employees friendly management system which drives its footing from Quran and Sunnah. This system is entirely social welfare system rather modern exploiting approaches. Its emphasis is on both employer and employees, there is no clash of interests but a God fearing attitude on both side. Each one of them will be held responsible for his actions and deeds so injustice, maltreatment, heavy work load and forced over timings are disliked on employer hand and careless, disobedience and laziness is disliked by God. Social responsibility lies on both parties which they should realize while working in an organization.

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