

# ROOTS OF MANAGEMENT: AN ISLAMIC PERSPECTIVE

## 1. Dr. Farhat Mohsin

Associate Professor, Faculty of Management Studies,

Manav Rachna International Institute of research and Studies, Faridabad

## 2. Ms. Stuti Sahni

Assistant Professor, Faculty of Management Studies,

Manav Rachna International Institute of research and Studies, Faridabad

### **ABSTRACT:-**

*Religion is one of the integral determinants of human behavior. It influences the structure of a society. Modern Management can be defined as an old soul in a new body. However the practice of management is as old as humanity. The paper attempts to trace the principles of management according to Islam because Islam is known as one of the most well organized and well managed religions as per the textbook definition of Management which means 'getting things done through others'. The paper is based on facts gathered through a review of textual sources. Some verses of Holy Quran (English and Arabi Version) have been taken into consideration to prepare this paper.*

**Key Words: Islam, Sunnah, Surah, Halal, Haram, Management**

### **INTRODUCTION:-**

The philosophies of management are very fixed and accurate in its nature. The western society and thinkers were not the first who given their principles and concept of management and administration. Islam, is said to be a complete code of life, the concepts of management are presented in the society more than 1300 & 1400 years ago. It is very unfortunate that, its preaching, specifically related to business are not considered and interpreted as it should be. This paper is an attempt to highlight the Islamic principles of management. Islam, a religion is a complete code of life, but unfortunately it is highlighted as only a compilation of some rituals and traditions. It is very sad that Islam, sometimes misunderstood by even those who are the followers of this religion. In Islam business focuses on a company that produces and sells goods or services to end users, but forbids unethical practices such as gambling, deceit & fraud. The products and services being used and consumed by Muslims are must be those of halal. Non-halal products and services are not permitted and condemned by the Islamic teachings. Islamic management perspectives and theories are different in its nature as they not only teach, but design the actions of individuals spiritually and morally. Islamic principles and management perspectives are based on ethico-metaphysical dimensions which are not stimulated by materialistic world. In Islam the industrial relationship between employer and employee is purely based and governed by religion. Both are responsible and answerable to Almighty Allah for their course of actions.

Muslims are governed and controlled by a set of belief which is otherwise known as *Iman*. Islam takes *Iman* as the main inspiring clue for believers which navigate their conscience and course of actions. All decisions related to business must be based on *Iman*, which means abiding by the *shariah* law, engaging in the things that are permitted (Halal), avoiding those that are forbidden (Haram) (Alawneh, 1998). The decision makers are free to make choices,

but the religious principles provide a framework for the appropriate exercise of that choice (Ali & Gibbs, 1998). Prophet Muhammad has laid down the theories of Islamic management as a foundation of an Islamic Society. Those principles and theories were administered by the *Shura*— a group of his companions for consultation. The Holy Quran is a source of guidance for the principle of management, work ethics and sayings of the Prophet. The Holy Quran clearly states that the significance of justice, honesty and fairness in the employee and employer's relationship. Besides, it encourages and focuses on the learning of skills and struggle for good work to benefit the community as well. Islamic business stresses on an organization that sells goods or renders services to end customers, but forbids unethical practices such as gambling, deceit and fraud.

The aim of the paper is to highlight the principles of management in Islam as stated in The Holy Quran and stated by the Prophet Muhammad (PBUH). Muslims universally, believe that Holy Quran is not just a sacred text, but a comprehensive constitution that informs its readers far beyond spirituality and morality. The learning's of Quran are believed to be unique as it guides and shapes the behaviors of individuals as well as it comprehensively talks about the socioeconomic and political order besides the mutual relations of individuals. An effort is made to examine the relationship between the teaching of Quran in context of work and management and its relevance in business management. This paper focuses on the Islamic principles of management. Islam, as a religion is a complete code of life, but unfortunately it is highlighted as only a compilation of some rituals and traditions. It is very sad that Islam is sometimes misunderstood by even those who are the followers of this religion. The teachings of Islam are based on

- 1) **Al-Qur'ān** -Al-Qur'ān is the central religious text of Islam. In Islamic teachings, al-Qur'ān is the book of Divine guidance and direction for mankind. According to the Islamic faith, Al-Qur'ān is the last revelation to Muhammad (PBUH) by Allah (God) through the angel Gabriel.
- 2) **Hadith** - Hadith is an oral tradition relating to the words and deeds of Prophet Muhammad (PBUH). Ahādith (plural) are regarded as an important source of teaching in Islam.

Islamic management perspectives and theories are different in its nature as they not only teach, but design the actions of individuals spiritually and morally.

### **REVIEW OF LITERATURE:-**

According to (Arslan, 2005), Islamic work ethics are based on Al-Qur'an and *Sunnah* which are related to Islamic values, faith and practices. They all were defined as the set of moral principles that differentiate what is right from what is wrong (Beekun, 1997).

The Islamic teachings motivate confidence in the workplace, reinforce social business responsibilities (Ali, 2005) and have a work-orientation as a virtue in human life (Rizk, 2008). The Islamic values can be applied in any business applications that every Muslim should observe and engage in as the servants of God (Beekun & Badawi, 2004) through hard working, commitment, dedication, work creativity, avoidance of wealth accumulation, cooperation and competitiveness at the work place (Yousef, 2001).

According to (Ali, 2005), Prophet Muhammed (PBUH) encouraged Muslims to work as much on his/her ability. Islam is a universal religion that is meant for all human beings on earth and could be implemented at any time at all, while the word 'comprehensive' relates to the complete and perfect teachings.

As stated earlier by Rivai *et al.* (2012) Islam has three pillars of *tawheed*, *shariah* and *akhlaq*. Hmad (2006) briefly explains each of these three items; *Tawheed* is a basic belief of Muslim that means the establishment of the Unity of Allah; *Shariah* can be described as Muslims' code of conduct based on Al-Qur'an and Hadith; *khlaq* refers to the practice of virtue, morality and manners.

Regarding the implementation of Islamic practices, it prescribes an extensive set of ways and regulations based on the four servitude principles, namely the devotion to God, a committed heart, truthful words, and rightful deeds (Angha, 2002).

According to (Jamaluddin, 2003), the values of Islam shape the behavior of one-fifth of the world's total population, including those who are engaged in business and other facets of life across 50 countries.

Tayeb (1996), opines that by trust consultation and delegation of authority can be accomplished. Trust can be an organization for its owner and its employees.

According to Abuznaid (2006), Islam firmly believes in consultation and cooperation in the work. Islam believes in the employee's participation in management. Islam is a much disciplined religion, but unfortunately it is considered as merely a collection of some rituals. It is misunderstood by even those who are the followers of this religion (Branine, 2001).

Gohar Zaman *et al.* (2009), it is apparent that Allah supreme names have laid the foundation for good management and leadership because of their business connotations.

Al-Hirrawi (1986) was of the view that being a Prophet, his companions were supposed to obey him without questioning, The Holy Quran is a source of guidance for the principle of management, work ethics and sayings of the Prophet.

#### **OBJECTIVES OF THE STUDY:-**

The objectives of this study are as follows

- To analyze the principles of management as stated in the Holy Quran.
- To study the commonality of Islamic teachings and the contemporary management theories.

#### **RESEARCH METHODOLOGY:-**

The researchers have used secondary data for the study. In order to collect secondary data, holy Quran was used to gather information for this study. We tried to depict how industrial relationship between employer and employee is purely based and governed by Islamic philosophy. In this study, we review existing literature on principles of management as stated in the holy Quran to highlight the relationship of previous studies' coverage of management teachings. We observe that The learning's of Quran are believed to be unique as it guides and shapes the behaviors of individuals as well as it comprehensively talks about the socioeconomic and political order besides the mutual relations of individuals. An effort is made to examine the relationship between the teaching of Quran in context of work and management and its relevance in business management. Several implications for future research and practice are discussed.

#### **PRINCIPLES OF MANAGEMENT IN ISLAM:-**

According to the Quran there are certain universal objectives which are to be achieved for the betterment of mass welfare and earning benefits for all. The Universal objectives are:

- a) Earning profit
- b) Ensuring development
- c) Improving standard of living
- d) National development

Many investigators and previous researchers explained the involvement of Islam in business and management in detail. The Islamic management practices of an organization are basically based on the achievement of Al-Falah (success in this world and the hereafter). The teachings and theories of Islam do not focus on the commercial activities and

profiteering by unethical practices, but based on the humanitarian ground. The reference from Al-Quran as the guidance on the adoption of Islamic practices is summarized in Table 1 below.

**TABLE NO: 1**

<b>SUBJECTS/ ISSUES</b>	<b>REFERENCES FROM AL-QURAN</b>
Economic/Business Performance	Al Quran. Al-Kahf 18:87-88
Implementation of human resources in the way of God with trust and responsibility	The Quran, An-Nisaa' 4:58-59
The importance of training, learning and development	Al Quran. Ghafir 40:58; Al-Baqarah 2:30-33; Al-Mujadila 58:11; Luqman 31:20
Grading the employees' work based on the quality and quantity of their work	AlQuran.Al-Ahqaf 46:19
Understanding the contract and meet the conditions	Al Quran. Al-Araf 7:85
Doing job based on capacity and competency	Al Quran. Al-Baqarah 2:286
Accurate information and prohibited false assertions, unfounded accusation and false testimonies	Al Quran. Al-Baqarah 2:42, At-Taubah 9:16
Mutual consultation and consent	AlQuran.Al-Qasas 28:26-28
The importance of remembering Allah, do prayers while in trade and sales engagement	Al Quran. An-Nur 24:37, Fatir 35:29
Obligation of mankind for an Ibadat (Prayer)	Al Quran. Ad-Dzariyat 51:57
Seeking of wealth, not to mischief and the aim of the Hereafter.	Al Quran. Al-Qasas 28:77
Corporate/Institutional Social Responsibility, Charity and caring for the needy	Al Quran. Al- Israa 17:26-29

**SUBJECT/ISSUES ADDRESSED IN AL QURAN IN DETAIL:****Economic/Business Performance**

Al Quran Chapter 18, verse 87

وَأَمَّا مَنْ آمَنَ وَعَمِلَ صَالِحًا فَلَهُ جَزَاءُ الْحُسْنَىٰ ۖ وَسَنَقُولُ لَهُ مِنْ أَمْرِنَا يُسْرًا

But as for him who believeth and doeth right, good will be his reward, and We shall speak unto him a mild command.

**Implementation of human resources in the way of God with trust and responsibility**

Al Quran Chapter 4, verse 58

جَمًّا يَعِظُكُمْ أَنْ تُؤَدُّوا الْأَمَانَاتِ إِلَىٰ أَهْلِهَا وَإِذَا حَكَمْتُمْ بَيْنَ النَّاسِ أَنْ تَحْكُمُوا بِالْعَدْلِ ۗ إِنَّ اللَّهَ بِأَمْرِكُمْ







**TABLE NO 3: Contrasting Islamic Management with Conventional Management**

Sl. No.	Points of Contrast	Islamic Management	Conventional Management
1	Definition	Achieving organizational objectives through halal methods & procedures in all aspects.	Achieving organizational objectives through any means suitable to achieving that..
2	Nature	Follows Islamic ethics & principles	Follows rules & philosophies of secularism and capitalism.
3	Basis	Its bases are the Qur'an & Sunna	Man made theories & secular ethics.
4	Objectives	To satisfy Allah	To satisfy the owner by profit maximization.
5	Root and Linkage	Deep Linkage & root with Akhirah	Only liked & rooted in worldly gains.
6	Recognition	It is recognized as Ibadah in Islam	It is not recognized as such.
7	Philosophy	It balances between this world & after world	It doesn't make such balance.
8	Qualification	Both technical (managerial) & religious skills are essential.	Only technical (managerial) skills are required.
9	Decision Making	It is based on majority consensus (shura) through halal procedures.	Not based necessarily on majority consensus ( shura) and halal (lawful) procedures.
10	Controlling	Controlling is simple as people are self-motivated under ethics & principles	Controlling is complex and has to use many methods for controlling people.

**CONCLUSION:-**

Islamic management principles are based on the teaching of Quran and Sunnah. Principles of Islamic management are vital and beneficial for the development of the organization and for the whole society. It ensures high productivity of the organization and enhances job satisfaction of the employees and increases their engagement level.

Islamic banking concept is different from rest of the banking systems of the world. All business fundamentals carry different meaning in Islam. Islam has a strong differentiation between Halal and Haram. This paper attempts to show that there is a strong relationship between Islamic principles of business and administration management. It clearly shows that management functions and processes are considered and listed almost same as they are being followed in current time. Though the ways of doing business, investments and capital formation is totally different from modern management but the roots of Islam ensures the modern business practices. This paper exhibited that all management practices are beautifully explained in various Surah of holy Quran. Through this research paper future investigators will be benefitted in explaining Islamic business concepts and modern business administration wrapped with ethics and values. Further research can be done to understand

the Islamic way of financial management, Human Resource Management, Trading and other business practices. Islam provides a complete way of doing business by focusing on the central idea of human welfare. This study uses management principles taken from the *Qur'an* and *Hadith*. The use of Quranic index allows the study to quickly identify Quranic verses falling within the categories of trade, business, and entrepreneurship. This article will give a platform for further work on leadership and management in the Islamic world. More future studies can be conducted by comparing the Western/Eastern/Asian style of leadership and management with leadership styles recommended in Islam.

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