

## **Islam and Management Principles: Evidence from Literature**

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### **Abstract**

*This paper is an attempt to highlight the Islamic principles of management stated by our Prophet Hazrat Muhammad (SAW) and Al-Quran, collectively known as Al-Sharia (Islamic law). Existing literature has been used to get some evidence of Islamic management principles such as Taqwa, Ihsan, Adl, Trust etc. Islamic management principles are unique in its nature as it not only guide but shapes the behaviors of individuals spiritually and morally. It has a socio-economic and political effect besides the mutual relations of individuals. Its principles and management approach is based on ethico-metaphysical dimensions which are not stimulated by material objectives. Employer-employee relationship is purely based on religion. Both are accountable and answerable to Almighty Allah for their deeds and are His trustees on earth.*

**Keywords:** Islam, Principles of Management, *Taqwa, Ihsan, Adal*

### **Introduction**

With the interventions of machines in the daily lives of people, massive increase in the population of the world and rapid economic growth in the start of the 20<sup>th</sup> century, the modern concepts of management were evolved by the western thinkers and philosophers. Some prominent among them were, Fredrick W. Taylor, Henri Fayol, Elton Mayo, Peter F Drucker, W. Edward Deming etc. (Kontz, Weihrch & Cannice, 2002). Their books and philosophies have been taught since decades in all over the world, however, the concepts of management are not absolute and perfect. Besides, they were not the first to present their theories and models of management. Islam, being a complete code of life, presented its concepts of management for the humanity more than 1400 years ago. Unfortunately, its teaching, especially related to business are not

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highlighted and propagated as it should be. Owing to the reasons the world, even Muslim world, is unable to reap the fruits of these teachings.

This paper is an attempt to highlight the Islamic principles of management stated by our Prophet Hazrat Muhammad (SAW) and Al-Quran, collectively known as *Al-Sharia (Islamic law)*. It is pertinent to mention that the parts of Islamic law which are widely used in Muslim countries especially in Arab countries are only restricted to specific aspects of life such as family and inheritance laws, while western laws are practiced when it comes to management and economics.

Managers of these countries feel comfortable to implement these western laws than to implement those provided by Islam. However, researches testify that such philosophies and models are not perfectly fit in specific regional and cultural contexts in which management is practiced. (Pollard and Tayeb, 1997)

The objectives of this paper are as follows

- i). To analyze the principles of Islamic management system through literature.
- ii). To study the significance of Islam on the organizational work behavior and prevailing Human Resource policies and principles.

The human resource policies practiced throughout the world are influenced by the cultural and social values of the countries and regions in which they are practicing such as pointed out by Tayeb (1996) which are proved by Yeganeh & Su (2008) through research. These changes in HR policies are deemed important as employees working in the organizations bring their cultural values and beliefs at their work place. Few examples of those beliefs and values are dedication towards work, tolerance to the group members, group behavior etc. (Tayeb, 1996)

### **Principles of Management in Islam**

The principles of Islamic management can be traced back to the time of Prophet Muhammad (PBUH) when he laid down the foundation of an Islamic Society. Those principles were administered by the *Shura* – a group of his companions for consultation. Al-Hirrawi (1986) was of the view that being a Prophet his companions were supposed to obey him without questioning, however, Prophet Muhammad (PBUH) created a conducive environment of consultation and participation. It is pertinent to mention that the *Shura* or council comprised of honest and pious members. As Islam spread to other regions of the world the administration turned to be complicated and other non members also became part of the administration Al-Hirrawi (1986). It is significant to

note that the Holy Quran is a source of guidance for the principle of management, work ethics and sayings of Prophet (PBUH). The Holy Quran clearly states on the significance of justice, honesty and fairness in employee and employer's relationship. Besides, it encourages and stresses on the learning of skills and struggle for good work to benefit the community as well. Islam firmly believes on consultation and cooperation in work Abuznaid (2006). The main principles of Islamic management are as follows:

*Taqwa (Fear of Al-Mighty Allah)*

When a person is filled with fear of Al-Mighty Allah he refrains from injustice and will do good deeds. It is a self accountable characteristic which shapes the behavior of an individual, either manager or subordinate, in a way so that he/she may honestly perform his duties and accomplish the tasks assigned to him/her. Such principle is a kind of check and balance and on employee and employer considers him/her self accountable to Al-Almighty Allah for his/her wrong actions.

*Ihsan (Forgiveness)*

The word *Ihsan* can be used in many contexts. Forgiveness, amelioration, completeness of faith etc are some of the meanings of *Ihsan*, however, it is a way of attaining Al-Mighty Allah's Satisfaction to worship Allah as you see Him and He sees you (Branine, 2001). *Ihsan* is related to *Iman* which mean Faith in Al-Mighty Allah so in this context undertaking the economic activities wealth generation, ownership, equality and social justice and spending etc by keeping in mind Allah's guidance.

Managers can perform their tasks, related to subordinates, aptly with high level of *Ihsan* such as training and development, behavior with employee and their involvement in job. Besides, encourage employees to participate in decision making.

*Adl (Justice)*

Wilson (2006) stated that justice is a quality everyone should develop irrespective of his gender (he/she) and level of employment (manager/subordinate). The Holy Quran says about justice in these words, "O you who believe stand out firmly for God as witnesses to fair dealing and let not the hatred of others to you swerve to wrong and depart from justice..." (Chapter-5, verse-8)

Islam teaches the lesson of justice without personal interests and likeness. It should be free of prejudice. There is no restriction of beliefs in Islam and everyone should practice his/her belief freely. This can be

proved from the Holy Quran in these words, “*there is no compulsion in religion*” (Al-Quran, Chapter-2, Verse-256). Even the sayings of Prophet Muhammad (PBUH) provide a documented proof regarding the equality of all human beings, “*An Arab has no preference over a non-Arab, nor a non-Arab over an Arab, nor is a white one to be preferred to a black one, nor a black one to a white one, except in piety (righteousness)*”. Equality can be achieved through justice and for equality those at managerial positions should be mild. Managers should create and maintain an environment of justice by providing a chance of participation to employees.

#### *Amana (Trust)*

Trust is the core value of operating a social relationship and by this every one, he or she, is accountable for his actions and deeds. The Holy Quran says, “*O you that believe! Betray not the Trust of God and the Apostle nor misappropriate knowingly things entrusted You*”, (Chapter-8, Verse-27). 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.

#### *Sidq (Truthfulness)*

*Sidq* means saying sayings and actions what is right and at the best of someone's knowledge. Lie to cheat someone is strictly forbidden in Islam. The Holy Quran on many occasions abhors lying. Managers, leaders, owners and subordinates should be truthful and not be guided by his/her personal will or feelings. They should perform their duties with honesty and trustworthiness. The center of effective management is honesty and trustworthiness. By trust resources cannot be misused, hence, everyone would perform his/ her job with responsibility.

#### *Ikhlas (Sincerity)*

Sincerity and keeping promise are the important principles of Islamic management. One should fulfill his or her moral obligations with sincerity and should keep the promises. The Holy Quran states, “*O you who believe! fulfill (all) obligations*”.

Hence, sincerity tries to infuse a culture of trust, confidence truthfulness and cooperation among managers and subordinates.

#### *Shura (Consultation)*

An important principle of Islamic management is *Shura*. A Muslim leader should work by seeking the suggestions of its subordinates through consultations. He or she should not adopt autocratic style of management. The Holy Quran states, “*Their matters are settled through*

*shura among them.*” (Chapter-42, Verse-38). All matters of life including socio-economic and political etc should be decided by consultation. The principle of *Shura* is an important concept of Islamic management which guides managers to behave with their subordinates with equality and justice.

### Discussion

Islam is a code of life 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). It is something beyond religion, a system of governing the lives and behaviors of human beings. It has a socio-economic and political effect besides the mutual relations of individual (Metcalf, 2007). The need is to implement its ideas and philosophies as far as business organizations are concerned. Moreover, Muslim countries especially Arab countries which are the birth place of Islam should implement Islamic concepts of management in letter and spirit. Furthermore, multinational corporations should keep in mind the Islamic values and culture before starting their operations in specific countries and regions.

### Conclusion

Unlike modern western thinkers' philosophies and concepts where technical and material objectives are important, Islamic management system comprise of principles derived from the Holy Qur'an and the *Sunnah*. Its principles and management approach is based on metaphysico-moral dimensions which are not stimulated by material objectives. Employer-employee relationship is purely based on religion. Both are accountable and answerable to Almighty Allah for their deeds and are Almighty Allah's trustees on earth. Spiritual and moral facets are deemed important in Islamic Management system in decision process. By knowing and understanding such principles a combination of Islamic and western management system can be formulated which can be flawlessly implemented in other non-Islamic countries as well. A window of future research has been opened in their result of the discussion that what possible outcomes would be in case of combination of Islamic spiritual principles and western principles of management.

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