

FACULTY OF BUSINESS

Nurturing professionals with high moral and ethical values.



Islamic Management

Lecture 7

Principles of Islamic Management

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ISLAMIC MANAGEMENT CONCEPT

Learning objective:

- ❑ To understand the principles of Islamic Management
- ❑ To understand the philosophy of Islamic Management practice
- ❑ To understand the practice of Islamic Management.

Principles of Islamic Management

What are the differences between **fundamentals** and **principles**?

Fundamentals

- ❖ forming or relating to the most important part of something
- ❖ the basic structure or function of something
- ❖ serving as an original or generating source
- ❖ a basis supporting existence or determining essential structure or function
- ❖ Something that is an essential or necessary part of a system or object.

Principles:

- ❖ a basic truth or theory : an idea that forms the basis of something
- ❖ a law or fact of nature that explains how something works or why something happens
- ❖ a personal or specific basis of conduct or management
- ❖ guiding sense of the requirements and obligations of right conduct

Principles of Islamic Management

Revision:

What are the difference between **fundamentals** and **principles**?

Principles:

- 1) Call for Islam (الدعوة) [*Da'wah*]
- 2) Leadership (القيادة) [*Kepemimpinan*]
- 3) Responsibility (مسئولية) [*Pertanggungjawaban*]
- 4) Consultation/Meeting (الشورى) [*Mesyuarat*]
- 5) Transparent (شفافية) [*Ketelusan*]
- 6) Cooperation/Helping (التعاون) [*Kerjasama*]
- 7) Improvement (تحسن) [*Peningkatan*]
 - Good faith (بحسن نية) [*Niat baik*]
 - Satisfaction/Contentment (قناعة) [*Merasa cukup*]
- 8) Public interest (المشتركة المصالح) [*Kepentingan awam*]

Call for Islam (الدعوة)

- ❑ Da'wah literally means invitation.
- ❑ The preaching of Islam.
- ❑ Call towards Allah

And who is better in speech than one who invites to Allah and does righteousness and says, "Indeed, I am of the Muslims." Surah Fussilat (41:33)

- ❑ Preaching of Islam in this modern era will help to promote Islam into the society thus, it will eliminate the negative perception towards Islam.
- ❑ Those who call for da'wah must practice the following:
 - keeping the promise
 - trust
 - honest

Call for Islam (الدعوة)

- ❑ Inviting people to do good deeds and leave the evil.
- ❑ The preaching of Islam the best way.

Call to the way of thy Lord with wisdom and goodly exhortation, and dispute with them in the best way.

(Qur'an an-Nahl 16:125)

- ❑ The purpose of *da'wah* is to invite people, both Muslims and non-Muslims, to understand the worship of Allah as expressed in the Qur'an and the *sunnah* of the prophet Muhammad and to inform them about Muhammad.

You are the best nation raised up for humankind. You enjoin righteousness, forbid corruption and you believe in Allah. (Al-Imran 3:110)

Call for Islam (الدعوة)

- ❑ In order to ensure that the smoothness of da'wah, those involve shall equip themselves with knowledge with the following rules:
 1. Finding and disseminating knowledge that already exists
 2. Acquiring and creating new knowledge
 3. Converting knowledge to purposeful/profitable products and services
 4. Managing people who work with knowledge
- ❑ The Prophet Muhammad SAW had properly managed the knowledge for the sake of da'wah. As such, it is important for the Muslims of today to manage knowledge wisely in order to ensure that the Islam will be disseminated effectively to mankind.

Leadership (القيادة)

- ❑ Leadership is the state or position of being a leader that goes with or in front of a person to show the way of the right direction.
- ❑ Leadership in Islam : Lead to achieve an objective and Compete to be ahead of others to seek the pleasure of Allah and success in hereafter.
- ❑ A leader is entrusted with leading a group of people or managing an organization.
- ❑ The leader will not have absolute power because Islam necessitates participative management and check balances.

Leadership (القيادة)

□ Leadership Qualities (cont...):

- Trusted and accountable
- Skillful and trustworthy
- Respect and consult it follower
- Leaders must be role model.
- Possess a greater sense of responsibility.
- Show more care and empathy.
- Leader should have a vision and long term target focused on achieving it gradually.
- Intelligent and talented.
- Possess communication skill.

Responsibility (مسئولية)

- ❑ Responsibilities is an obligation to do something with the expectation of a certain result.
- ❑ The vicegerent of Allah is certainly a huge responsibility that men has assumed. Surah al-ahzab (33:72)
- ❑ Refer to the nature of trust and responsibilities to assign task.
- ❑ Responsibility depends on the sphere of authority one has. Surah al-Tahrim (66:6)

Responsibility (مسئولية)

Why responsibility is important?

- ❑ Create positive attitude among members of organizations.
- ❑ Can reduce the need of external oversight.
- ❑ Intention is truly for the sake of Allah.
- ❑ Members of organization will be loyal and honest toward the organization.
- ❑ Workers will be committed to the task given.

Consultation/Meeting (الشورى)

Definition

- Participative management is the continuous involvement of people in decision making known as *Shura*

“and who respond to [the call of] their Sustainer and are constant in prayer; and whose rule [in all matters of common concern] is consultation among themselves...”

(Quran: al-Shura 42:38)

- It is stated in the Qur'an that the believers who will be rewarded in the hereafter are those who conduct their affairs with *Shura* or consultation.
- In modern management – sharing/meeting
- *Shura* had been a culture during the time of prophet Muhammad and his successors after him.

Consultation/Meeting (الشورى)

The purpose:

- To draft the rules and regulation of organization.
- To conduct the beneficial activities of organization in line with shariah.
- To approve the financial program of organization.
- To approve contract, partnership and agreement with other organization

Consultation/Meeting (الشورى)

Why Shura is important?

- Shura is aimed at building a consensus that will benefit the community.
- Make better decisions based on participative decisions by members.
- Avoid misunderstanding and confusion
- Give an opportunity to group members to give and to share opinion and decision.

Transparent (شفافية)

- ❑ Transparency as used in the humanity, implies openness, communication and accountability.
- ❑ Transparency is introduced as a means of holding public officials accountable and fighting corruption.
- ❑ Should not be a purely one-way communication though.
- ❑ Quranic demands fair, open and ethical behaviour in all business transactions.
- ❑ Verse (2:282)

Transparent (شفافية)

- ❑ For example organization and financial transparency - requires that financial transactions be made through witness-written contracts.
- ❑ Defensiveness and secrecy only contribute to fear and suspicion on both side.
- ❑ If we have nothing to hide, we should be able to demonstrate clearly.
- ❑ ***Leader must be transparent. His intentions must be congruent with his actions.*** He must avoid conflict of interest, avoid abusing his position and avoid any competition with others for self-serving purposes.

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To be continued...



**Thank You
&
Wassalam**

