MANAGEMENT MODELLING FROM ISLAMIC PERSPECTIVE: SOME REFLECTIONS

By
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Abstract

Management from an Islamic perspective is an emerging subject. There are many authors who have contributed towards the understanding of management functions in areas of leadership, motivation, employees’ behaviour and business management ethics. It is evident that much emphasis is there on basic issues such as ethics and leadership and those related to behavioral aspects of organizations. Rarely there is sources available focusing on Islamic perspectives to operational areas of management such as management process, quality management, marketing and selling or performance appraisal of employees. Over a period of time the body of literature pertaining to Islamic perspectives to different areas of management of organization is likely to increase and the present paper is an attempt in this direction. The main objective of the paper is to introduce the general objective of Islam and Shariah; and its implications on the management profession. Based on the above the author realized that there is dire need to look into problem of management from Islamic perspective by comprehending the management knowledge as is developed in the Western and industrialized countries, do a critical appreciation of the subject, followed by a process of elimination and reconstruction of our own model based on certain Islamic principles. Thus, an Islamic perspective of management model has been developed by the author. It is highly based on the idea of the following premises of thought regarded very high in the early days of Islam can work equally benefiting manner even today. These principles are: 1) visionary leadership, 2) strategic management, 3) management of change, 4) fair treatment and social justice among the employees, 5) sincerity and commitment and 6) motivation based on merit. A model based on the above six principles of management from Islamic perspective, it is hoped by the author, may help in

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solving some of the problems of contemporary management.

INTRODUCTION

Management from Islamic perspective is an evolving field of knowledge. Some literature on training Muslim workers, Islamic ethics in business and management and Islamic transactions are available. However, there seems to be more academic works to be done and research in this field of knowledge to be continuously carried out to further its frontiers of knowledge. In this section therefore, some of the works related to exploration of the Islamic perspectives to management is briefly cited to give readers an idea of what lies in store when an attempt to study management from the Islamic perspective.

The following paragraphs refer to some representative works that are basic in nature as they address the fundamental issues of theory in management.

Ahmed Ebrahim Abu Sin identifies the basic particulars or postulates of Islamic administrative theory in terms of its emphasis on all the variables and factors that affect the administrative cycle in an organization and its understanding of individual behavior in the light of social and cultural factors.\textsuperscript{1} Ibn Omer Mohamed Sharfuddin touches upon various aspects of management of organizations such as \textit{Shurah} (mutual consultation), \textit{Nasiba} (advice), conflict resolution, work and job performance as a religious obligation, merit system in recruitment and promotion, motivation, mutual trust between management and employees, and use of control and authority.\textsuperscript{2} Mahmood A Moursi focuses on self-management, managing people, managing business transactions, and managing time from the Islamic perspective.\textsuperscript{3} Naceur Jabnoun, in his rare comprehensive book on relating management to Islam, covers several aspects of collectiveness and culture, planning, leading, competition and conflicts.\textsuperscript{4} Azaddin Salem Khalifa presents certain original and innovative perspectives to strategic management in his work where he uses three Islamic concepts of \textit{Falah} (good deeds), \textit{Hikmah} (wisdom), and \textit{Rizq} (anything bestowed by Allah that is of beneficial use) to propose a normative framework of business enterprise and behavior.\textsuperscript{5} Besides these are also some general works related to management and administration such as Al-Buraey\textsuperscript{6}.

Besides some of the basic works referred above, there is a large, growing body of literature related to certain specific and individual aspects of management and administration from the Islamic perspective. Here is a representative list of some selected works mainly related to the areas as mentioned below.
The topic on ethics and social responsibility in management was explored by Rafik Issa Beekun, Mushtaq Ahmad, A. A. Hanafi and Hamid Sallam, Sayyid Fayyaz Ahmad, T. Gamling and R. Karim, Al Habshi and Ghazali. A study on organizational behavior was carried out by Ghouse A. Shareef and Al-Alwani. Another attempt on study of leadership in organizations was made by Beekun and Badawi, Ezzati, and Shirazi. Research on motivation in organizations by Abdel Rehman, Naim Nusair, Ziauddin Ahmed, Ibn Omer Sharfuddin, and Fayaz Ahmad is reported. Also a work on human resource management was undertaken by Dilhawaz A. Siddiqui, Sallam and Hanafi, Ziauddin Ahmed, and M. Ramzan Akhtar. Organizational communication was a topic studied by M. A. Siddiqui. Lastly quality management by Abul Hasan Muhamad Sadeq and Khaliq Ahmad bin Mohd Israil was published by Leeds publications in Kuala Lumpur for the benefit of researchers and fellow academics.

It is evident that much emphasis is there on basic issues such as ethics and leadership and those related to behavioral aspects of organizations. Rarely there is sources available focusing on Islamic perspectives to operational areas of management such as quality management, marketing and selling or performance appraisal of employees. Over a period of time the body of literature pertaining to Islamic perspectives to different areas of management of organization is likely to increase and the present paper is an attempt in this direction.

OBJECTIVES

The objectives of this paper are two folds:
§ Introduce the general objective of Islam and Shariah; and
§ Highlight how this affects us today, especially as “managers”.

Objective of Islam and Shariah: An ideal Muslim society is governed by Islamic worldview. It is an intrinsic part of the Islamic World View to bear responsibility not only for the welfare of the Muslims in the life hereafter but also for that of the progress in this world for the sake of being respected by others. It highly depends on how do the Ummah as a body in its own sense manages its affairs.

In it’s simplest form, Islam is a comprehensive way of life that enables us to perform our ibadat. Allah (SWT) says:

"I only created the Jinn and mankind for my ibadat" (Al-Quran 51:57)
Accordingly, *ibadat* means to obey Allah by doing everything that He has ordered and avoiding everything that He has forbidden. It is thus no limited to acts such as prayer, fasting, zakat or Hajj only in today’s world of corporatisation and increasing onslaught of Western values and culture in an era of globalization on Muslim societies and culture is a matter of concerns of many.

In Islam, there is a distinction between *ibadat* (worship) and *muamalat* (everyday action).

§ For acts of *ibadat*, everything is forbidden unless it has been authorized in the shariah. Thus, there is only 2 rakat for subuh prayer. It is forbidden to pray 3 or 4 rakats, or one only.

§ For acts of *muamalat*, everything is permissible unless it is specifically forbidden. Related to management, it means that all actions are permissible unless there is something objectionable to Islam and shariah.

As this point is generally well understood, I will not dwell on it too much. However, that fulfilling ones’ *ibadat* that is *fardhu’ain* should be our first priority.

Allah (SWT) says:

"Men whom neither trade nor sale diverts them from the Remembrance of Allah, nor from offering prayers perfectly, nor from giving zakat". (Al-Quran 24:37)

For example, it is our responsibility to fulfill our duty of Hajj as soon as can afford it since it is an act of *ibadat*, not when it happens to be convenient with our business activities. However, as Muslims, we have a different understanding about business and trade and their management. But because there are no textbooks that really deal with this topic of Islamic management in detail, we have to hunt for ideas here and there and try to put them together. This is perhaps the contribution of this paper.

As such there is no one fixed system of Islamic management. As with many similar social phenomena, Islam defines the broad principles and leaves it to the people of each place and era to define the system most suited to their circumstances. The system must therefore change with changes of time and space without compromising the tenets of Islam viz objectives of Islam and shariah. There is not utopia. Any human system will have strengths and weaknesses. The aim should be to decrease the weaknesses and increase the strengths. The best systems are those based on empirical experience and that are open to changes if empirical evidence shows that they are not working well. The empirical experience must be within the moral context of Islam for
it to bear fruits. Islamic context is revealed and sometimes supersedes human reasoning.

The following proposed model is based on the concept of streamlining productivity and reducing the performance gap which is the difference between the ideal and the actual in organizational performance. The performance gap is the difference between the potential and actual performance of organizations and individuals. Many individuals and communities all over the world are experiencing phenomena of revival and renewal. There is a new reawakening and a determination to make tomorrow better than yesterday. However the zeal, commitment and efforts of the revival have not been perfectly or completely translated into practical results that everyone can see in the society. The practical achievements fall far short of the potential goal envisioned by management. Success in building and managing institutions, the backbone of real and sustained change, has been limited in several Muslim communities and countries. The gap between aspirations and achievements is due to a relative deficiency of professional skills in corporate management. These skills are not in-born. They can be taught or developed through experience on the job. Individuals and organizations pay a high price in terms of lost opportunities for the continued existence of the performance gap. Islamic perspective of management may be an alternative approach in the mushrooming of literature on contemporary management. Laden with moral values, Islamic approach may come along way in helping to reduce the performance gap in order to controlling moral laxity prevalent in today’s corporate sector and reducing unchecked waste of bounties bestowed upon human race by Almighty Allah.

**IMPLICATIONS FOR MANAGEMENT**

Based on the above guidelines the author seems to be convinced that there is dire need to have comprehensive management knowledge as developed in the West, do a critical appreciation, followed by a process of elimination and reconstruction of our own model. Thus, an Islamic perspective of management model has been developed by the author. It is highly based on the idea of the following premises of thought regarded very high in the early days of Islam can work equally benefiting manner even today. These principles are:

1) Visionary leadership,
2) Strategic management,
3) Management of change,
4) Fair treatment and social justice,
5) Sincerity and commitment and
6) Motivation based on merit.
The six principles of management from Islamic perspectives may help in developing a simple model for contemporary management from an Islamic perspective as follows:

Management Principles from Islamic Perspective

*(Model)*

1. Visionary Leadership
2. Strategic Management
3. Management of Change
4. Sincerity and Commitment
5. Fair treatment and Social Justice
6. Motivation based on Merit
Visionary Leadership

Prophet Muhammad (SAW) set a vision of the conquest of Makka, Byzantine, Persia, Yaman, Syria, Iraq, and the peninsula Arab, that is always necessary for any successful management. "Truly did Allah fulfill the vision for His Messenger: You shall enter the Sacred Mosque, if Allah wills, with minds secure, head shaved, hair cut short, and without fear. For He knew what you knew not, and He reanted, besides this, a speedy victory". 29 Narrated Jabir bin Samura: The Prophet (SAW) said, "If Caesar is ruined, there will be no Caesar after him; and if Khosrau is ruined, there will be no Khosrau after him; and by Him in whose hand my soul is, surely you will spend their treasures in Allah's cause". 30 Narrated Sufyan bin Abu Zuhair: I heard Allah's Messenger (SAW) saying "Yemen will be conquered and some people will migrate (from Medina) and will urge their families, and those who will obey them to migrate (to Yemen) although Medina will be better for them; if they but knew. Shaam (Syria) will also be conquered and some people will migrate (from Medina) and will urge their families and those who will obey them, to migrate (to Shaam) although Medina will be better for them, if they but knew. Iraq will be conquered and some people will migrate (from Medina) and will urge their families and those who will obey them to migrate (to Iraq) although Medina will be better for them, if they but knew". 31 Narrated Khabab bin Al Art: We complained to Allah's Apostle (SAW) about our state while he was leaning against his sheet cloak in the shade of the Kaba. We said, "Will you ask Allah to help us? Will you invoke Allah for us?" He said, "Among those who were before you a (believer) used to be seized and, a pit used to be dug for him an then he used to be placed in it. Then a saw used to be brought and put on his head which would split into two halves. His flesh might be combed with iron combs and removed from his bones, yet, all that did not cause him to revert from his religion by Allah! This religion (Islam) will be completed (and triumph) till a rider (traveller) goes from Sana (the capital of Yemen) to Hadramout fearing nobody except Allah and the wolf lest it should trouble his sheep, but you are impatient". 32

Vision of paradise as success and hell as failure: Narrated Abu Huraira: the Prophet (SAW) said, "Allah has prepared for My righteous slaves (such excellent things) as no eye has ever seen, nor an ear has ever heard nor a human heart can ever think of". 33 Narrated Anas bin Malik: The Prophet (SAW) led us in prayer and then went up to the pulpit and beckoned with both hands towards the qibla of the mosque and then said, "When I started leading you in prayer, I saw the display of paradise and hell on the wall of the mosque (facing the Qiblat) I never saw good and bad as I have seen today". 34 He repeated the last statement thrice".
Strategic Management

Strategy is a rational approach to the study of management to deal with the organizational life’s uncertainties in pursuit of organizational vision. It encompasses assessment of the internal and external environments, forecasting the future, thinking forwards and reasoning backwards, and preparing for various hypothetical scenarios. Strategic behavior is a inevitable for living and succeeding in a complex environment in which our decisions and actions have an impact on others and are also influenced by what else is going on around us. Strategic concepts are used in the context of competition, to help in leadership thinking, analysis, planning, execution of plans, and negotiations. Organizations that only want to react to events and have no strategies are waiting for their death. It is a major mistake for leaders to be so absorbed in day-to-day operations that strategic planning is neglected. It is, therefore, an agenda of top-management in the hierarchy of management.

**Strategic planning:** Strategic planning is a very powerful tool for leaders and managers. Strategic planning is establishing strategic objectives and formulating plans to accomplish them. Strategic plans answer three questions: where are we now? where do we want to be? and how do we get there? Strategic planning involves thinking forward and reasoning backwards, preparing for all possibilities. We have to develop contingency strategies to be implemented if a chosen plan does not work as envisioned. Strategic planning has many benefits. Managers are not completely surprised by events. Strategists are pro-active and not reactive. One will not be easily provoked into wrong responses. He can take pre-emptive moves ahead of the competition. Strategic planning is difficult because it essentially involves achieving and maintaining objectives in a changing and unpredictable environment. It requires considerable intellectual effort and creativity. Strategic plans call for strategic management. Thus strategic management is managing pursuit of organizational vision and mission while managing relation of the organization to its environment. It is characterized by always being ready to deal with sudden changes in the environment. Strategic management in a highly uncertain rapidly changing environment can be likened to shooting at a moving target when riding on a galloping horse.

**Strategic thinking:** Strategic management counts on strategic thinking. In other word strategic thinking is intellectual processes that are a background to strategy formulation, planning, and implementation. Strategic thinking enables us to see through difficult and complex situations and make the right decisions. A strategic thinker prepares for and exploits unpredictability and surprises. He anticipates, sees through, and prepares for a rival's strategic move. His frame of mind is prepared opportunism being ready to exploit opportunities that arise unexpectedly.
Strategy in seerah and contemporary work: Careful study of the seerah reveals effective strategic thinking and planning at all stages of the forward march of the Islamic mission. Although the environment and technology have changed, human nature has remained basically the same. Thus many human behaviors today whether strategic or not have their parallels in the seerah. An example could be the case of Hudaybiyah treaty during the Prophet’s time. One can learn from the lessons of the past and build on them to develop our strategic skills for the modern era. Some of the major catastrophes that contemporary organizations and movements went through could have been prevented if the leadership employed strategic thinking and planning skills. There is a need to develop strategic planning and management skills among the leaders and managers of today to be able to face the multi-faceted challenges of globalisation. In many cases we are dealing with organizations that operate in global market strategically and we have no chance if our organizations do not have comparable or better skills.

Management of Change

Strategic plans must be flexible enough to be able to adapt to rapid environmental changes. The organization must have an inbuilt capacity for change if it is to succeed. Strategy formulation requires a determination of whether the organization wants growth or stability. The plans are different for each scenario. Strategies that emphasize stability are less innovative and are based on premises and facts that are not likely to vary a lot. Strategies of growth anticipate a lot of change and with it the uncertainty and risks that are inevitable. Risk management is a very important aspect of such strategies.

Allah knows ghair; humans can not know the future; they only guess: “Say: None in the heavens or on earth, except Allah, knows what is hidden nor can they perceive when they shall be raised up (for Judgement)”.

Narrated Ibn Omar: Allah’s Apostle (SAW) said, “Keys of the unseen (knowledge) are five which nobody knows but Allah: nobody knows what will happen tomorrow; nobody knows what is in the womb; nobody knows what he will gain tomorrow; nobody knows at what place he will die; and nobody knows when it will rain”.

Allah is the best planner: “And (the unbelievers) plotted and planned and Allah too planned, and the best of planners is Allah”. “Remember how the unbelievers plotted against you, to keep you in bonds or slay you, or get you out (of your home), they plot and plan and Allah too plan but the best of planners is Allah”.

Trust in Allah: Prophet and AbuBakr were in the cave: ‘If you help not (your Leader) (It is no matter): for Allah did indeed help him, when the Unbelievers drove him out: he had no more than one companion: The two
were in the cave, and he said to his companion, “Have no fear for Allah is with us, then Allah sent down His peace upon him, and strengthened him with forces which you saw not, and humbled to the depths the word of the Unbelievers. But the word of Allah is Exalted to the heights: for Allah is Exalted in might, Wise”.  

Narrated AbuBakr: I was in the company of the Prophet (SAW) in the cave, and on seeing the traces of the pagans, I said, “O Allah’s Apostle! If one of them (pagans) should lift up his foot, he will see us.” He said, “What do you think of two, the third of whom is Allah”?  

Sincerity and Commitment

Human inner feeling is important. It is directly related to his behaviour. However it is hidden and Allah can know it. “Omar b Al Khattab reported the Apostle of Allah (SAW) as saying: Actions are to be judged only by intentions, and a man will have only what he intended. When one’s emigration is to Allah and His Apostle, his emigration is to Allah and His Apostle; but when his emigration is to a worldly end at which he aims or to a woman whom he marries, his emigration is to that for which he emigrated”.  

“On the pulpit Omar bin Al-Khattab said: I heard Allah’s Apostle (SAW) saying, “The reward of deeds depends upon the intentions and every person will get the reward according to what he has intended. So whoever emigrated for worldly benefits or for a woman to marry, his emigration was for what he emigrated for”.  

Sincerity of action: It has been narrated on the authority of Sulaiman b. Yasar who said, “People dispersed from around Abu Huraira, and Natil, who was from the Syrians, said to him: O Shaikh, relate (to us) a tradition you have heard from the Messenger of Allah (SAW). He said: Yes, I heard the Messenger of Allah (SAW) say: The first of men (whose case) will be decided on the Day of Judgment will be a man who died as a martyr. He shall be brought (before the Judgment Seat). Allah will make him recount His blessings (i.e. the blessings which He had bestowed upon him) and he will recount them (and admit having enjoyed them in his life). Then will Allah say: What did you do (to requite these blessings)? He will say: I fought for you until I died as a martyr. Allah will say: You have told a lie. You fought that you might be called a “Brave warrior”. And you were called so. (Then) orders will be passed against him and he will be dragged with his face downward and cast into hell. Then will be brought forward a man who acquired knowledge and imparted it (to others) and recited the Qur’an. He will be brought and Allah will make him recount His blessings and he will recount them (and admit having enjoyed them in his lifetime). Then will Allah ask: What did you do (to requite these blessings)? He will say: I acquired knowledge and disseminated it and recited the Qur’an seeking you pleasure. Allah will say: You have told a lie. You acquired knowledge so that you might be called
“a scholar” and you recited the Qur’an so that it might be said: “He is a qari and such has been said. Then orders will be passed against him and he shall be dragged with his face downward and cast into the Fire. Then will be brought a man whom Allah had made abundantly rich and had granted every kind of wealth. He will be brought and Allah will make him recount His blessings and he will recount them and (admit having enjoyed them in his lifetime). Allah will then ask: What have you done (to requeit these blessings)? He will say: I spent money in every cause in which you wished that it should be spent. Allah will say: You are lying. You did (so) that it might be said about (you): “He is a generous fellow” and so it was said. Then will Allah pass orders and he will be dragged with his face downward and thrown into hell”. 43

Fair Treatment and Social Justice

Social thinkers and philosophers have shown great interest on the issue of fairness and justice. The issue is equally important in Islam, as the religion stands for justice and fair play. The attempts to understand the issue of distributive justice from the social perspective and subsequently examine these concerns in the light of the fundamentals of Islamic teachings, institutions and practices are relevant. It limits itself to the discussions on distributive justice, i.e., distribution of perks and resources to organizational stakeholders and not on retributive justice, which is justice in compensation for and punishment of injuries. The abundance of literature in Western scholars’ writings warranted to look into this issue from an Islamic perspective since Islam accords justice the foremost importance after the faith of believing in the Oneness of Allah (tawhid) and the truth of the Prophet hood of Muhammad (SAW).

The theory of distributive justice propounded by Homans draws from Aristotle that equates justice with a proper ratio of contributions to rewards. 44 In this view, justice consists in persons receiving returns that are commensurate with their investments. Homans develops this principle as a four-term theory, asserting that if two persons make equal contributions, reward should be equal. Homans tentatively suggests that the matching of rewards to “investments and costs” or “both the investment and what actually the person contributes” is a universal concept of justice, and if not the only possible one, the dominant concept “in many, and probably all, human societies.” The only basic dispute Homans considers likely is over what might be legitimately counted as a contribution. In some societies or social settings lineage, gender, race, or other ascriptive traits are considered contributions. In other settings, achievement is the focus of evaluation. But although there can be differences about what counts as a contribution, Homans contends
that distributive justice always entails a comparison by the parties of the contributions each makes and the reward each receives.

**Islamic Social Justice:** Islam, which is another name for peace and justice, has provided guidance in the personal distribution of income. Muslim writers consider the Islamic goal of distribution to be that of distributional equity.\(^4\) The term “distributional equity” means different things to different people. To some people it implies that everybody should have equal amount of rewards irrespective of their merit or contribution. Others suggest that in view of natural differences in human capabilities, attitudes towards work, skill, knowledge etc. the differentials in the salary structure of an organization, are just and fair. In other words, it would be unfair to reward everybody equally.

Justice in resource distribution has always been the fundamental concern of Islam. In fact, it was the first issue to be resolved by the Prophet Muhammad (SAW) himself. He attributed his presence as a source of establishing a fair and just society. However, one has to understand social realities of the Arabs in Medina where the first Islamic state was established and the context in which allocation decisions were made by Prophet himself and later by his first two successors (Khalīfa), namely, Abu Bakr (RA) and Umar (RA). So far as the distribution of money/material goods from Baitul Mal (treasury) was concerned the norms were different in three periods covered by the Prophet (SAW), Abu Bakr (RA) and Umar (RA). During the time of Prophet Muhammad (SAW) the most important consideration was need of the recipient, it was equality during the time of Abu Bakr (RA). Umar (RA), who made special allocations to those who fought the first Islamic battle at Badr, during the Prophet’s time, emphasized equity or merit of the recipient. He also gave special consideration to those who belonged to Prophet’s family (cf. Yusuf Kandhalwi).\(^4\) Clearly the norms of distribution were moderated by several factors, such as, the availability or scarcity of the resource, the intensity of recipients’ need, merit or contribution of the recipients, and the purpose of allocation decision. The key to all the allocation decisions was the perception of its fairness by the recipients.

After the demise of the Prophet (SAW) there were differences of opinion for the appointment of the next ‘Khalīfa’ who could lead the Ummah after the Prophet. Similar differences emerged during the appointments of next three Khalīfa as well. However, the criteria chosen for these appointments were the amount of sacrifice for Islam and the closeness of the person to the Prophet. It is to be noted that during the period of battle of “Tabuk”\(^4\) Abu Bakr (RA) sacrificed his whole belongings, Umar (RA) brought in half of his belongings and Othman (RA) offered one third of his wealth to support the needs of the Muslim army for the mission. We can see the similar order
Motivation Based on Merit

Islamic view of motivation and fair reward must include the following three elements.

(a) Guarantee of fulfillment of the basic needs to all;
(b) Equity but not equality in personal incomes; and
(c) Elimination of extreme inequalities in personal income and wealth.

The issue of basic need fulfillment from an Islamic perspective has been discussed by scholars of Islamic economics. It would be pertinent to mention here that basic need fulfillment is guaranteed by Almighty Allah (SWT). He says there is no moving creature on earth but its sustenance dependeth on Allah.49

There seems to be a total agreement among scholars of Islamic economics on this issue mainly because it qualifies to be an ‘universal truth’ as supported by the four references of organized Islamic living. This agreement is based on the Quranic text and Sunnah (Prophetic traditions), precedents from the rightly-guided Khulfa-e-Rashdeen (Abu Bakr, Umar, Othman and Ali) and Ijma (juristic consensus).

A relative poverty seems to exist as long as the society remains and this may hold true regardless of any system viz. free market, communism or an Islamic socio-economic system. As long as the prevailing social values, emotions, social bonds and judgements, attitude and social classification shape the choices of individuals the complexity of the issue would remain intact.50

Another form of poverty is spiritual poverty mostly neglected by other competing systems in this world but it is highly related to Islamic worldview, which postulates the notion of akhirah (the world hereafter). This refers to a sense of accountability and leads to the feeling of spiritual vacuum that may not help an individual to succeed the test of the Creator (Almighty). It seems to be fitting in distributive justice in Islam that the spiritual decadence or spiritual poverty is pre-conditioned by moral qualities of the society. Islam emphasizes co-existence rather than trade-off between material poverty, encompassing both absolute and relative poverty, and progress or upliftment in non-material or spiritual domains.

Once basic human needs are taken care of, merit takes over as the Islamic standard of resource allocation. Therefore, interpersonal differences in income are valid and fair, if it is based upon differential merit or contribution of the individuals.
A story related to Hazrat Ali (RA), the fourth Khalifa and the son in law of Prophet (SAW), illustrates how equity was the standard of fair allocation of resources that in turn motivates the recipients including the workforce of contemporary organization. It goes like this. There was a dispute between two persons, Mr. A and Mr. B, over the distribution of some money. They had shared their lunch together with another person Mr. C. The lunch consisted of eight loaves of bread, that included 5 loves of Mr. A and three loves of Mr. B. Mr. C did not bring any loaf of breads and, therefore, paid them eight dinars in lieu of. Mr. A took five dinars and gave three to B. However, Mr. B did not accept this and claimed equal amount to be distributed between them.

The matter was put to Ali (R.A.). He suggested Mr. B to accept the division of 5:3 as this was rather in his favor. However, Mr. B wanted that Ali (R.A.) should decide. Consequently, Ali (RA) made a 7:1 distribution, which meant B was entitled for just one dinar. Ali (RA) justified his decision on the basis of contribution made by the two persons. Ali (RA) explained it this way. If each bread is divided into three pieces, the total piece of bread would be 24. It suggests that the contributions of A and B would be 15 (5*3) and 9 (3*3) pieces respectively, to the pool. Assuming that everybody ate the same quantity, C ate seven pieces of A and one piece of B. Therefore A should get seven dinars and B only one.

The importance of merit or contribution is recognized as fair basis of salary decision in Islam. The Islamic view holds that it would be unjust to equate all people in terms of their earnings, if they are different in their abilities and contributions. Payments that do not recognize individual contribution shall adversely influence employees’ motivation and in turn result into poor organizational performance. Therefore Islam encourages volunteerism in spending excess money for the better reward in the life hereafter.

Many verses of Al-Quran emphasize this aspect in detail and translations of these verses are given as follows:

“It is not righteousness that ye turn your faces towards East or West; but it is righteousness to believe in Allah and the last day and the angels and the book and the messengers. To spend of your substance out of love for Him for your kin, for orphans, for the needy for the wayfarer, for those who ask and for the ransom of slaves, to be steadfast in prayer and practice regular charity, to fulfill the contracts which ye have made; and to be firm and patient in pain and adversity”. 51
"And spend of your substance in the cause of Allah, and make not your hands contribute to your destruction; but do good; for Allah loveth those who do good". 52

"O ye who believe! Spend out of (the bounties) we have provided for you, before the day comes when no bargaining, nor friendship, nor intercession. Those who reject faith-they are the wrongdoers". 53

"Those who spend (freely) whether in prosperity, or in adversity, who restrain anger and pardon (all) men for Allah loves those who do good". 54

"... Whatever ye shall spend in the cause of Allah, shall be repaid unto you, and ye shall not be treated unjustly". 55

Organisations’ policies on motivation determine the performance of its workforce. If policies are not tuned to the needs of workers vis a vis their respective contribution it will prove disastrous. Thus organizational performance will not improve.

SUMMARY

There is no one fixed system of Islamic management. As with many similar social phenomena, Islam defines the broad principles and leaves it to the people of each place and era to define the system most suited to their circumstances. Leadership of visionary nature makes a difference as was practiced by the Prophet himself. Strategic mind-set is important for survival. The system must be flexible and therefore must change with changes of time and space without compromising the tenets of Islam viz objectives of Islam and shariah. Forecasting is not enough as future is not certain. Scenarios are changing. Thus flexibility is needed to cope with changed scenarios. Sincerity and integrity is a key for any cause. Otherwise all strategies will backfire.

Distributive justice is an important subject of study, which helps us understand several aspects of social exchanges processes-economic, social, ethical and moral. While the normative standards of many societies favor merit or equity as the most important consideration for workers’ motivation, the definition of merit and contribution may be contextual. Besides equity, need and equality are other important norms of rewards. Which norm is considered appropriate and perceived by recipients as fair depends upon several factors, such as the type of resource, purpose of the reward and relationship between the allocator and recipients. The so called fair reward system has many social implications. The distribution may lead to prosperity of a few and sufferings of the masses or it may result into positive social relationship, peace and social harmony, depending upon which norm is applied. Equally important is the perception of fairness of the reward by the
recipients. Thus in the organizational context if employees perceive that their reward are according to their merit or contribution, it may positively influence their motivation and productivity. If not, it may result into negative and even disastrous consequences. Islamically oriented motivation policies must emphasise that once basic human needs are taken care of, merit takes over as the Islamic standard of rewarding one's contribution. Therefore, interpersonal differences in income are valid and fair, if it is based upon differential merit or contribution of the individuals for the sake of sustained motivation in today's Muslim managed organizations.

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49 Al-Quran; 18:46.


51 Al-Quran 2:177
52 Al-Quran 2:195
53 Al-Quran 2:254
54 Al-Quran 3:134
55 Al-Quran 8:60