

## Islamic Management- An Introduction and Its Contrasts to Traditional Management

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### **Abstract**

*The article gives an introduction to Islamic management and its contrasts to traditional management. Islamic management is the achievement of 'Halal' (Permissible by Allah SWT) objectives through the group efforts and co-operation of the members (of the organization) under the boundaries and framework of rules and principles of Islam. The fundamental objective of Islamic management is to have the satisfaction and blessings of Allah SWT. Islamic management is not just like traditional management. It is strictly based on Islamic rules of 'Shariah'. Its philosophy, ethics, principles, process and procedures all center around firm belief in Allah SWT and His approved ways of setting and achieving 'Halal' objectives. Thus, Islamic management is such a management by practicing which a Muslim manager can be equally benefited in this as well as in the after world. Islamic management has got sharp contrast to traditional management as to objectives, philosophy, principles, features, and decision-making process.*

### **Keywords**

*Islamic Management, Traditional Management, Halal, Shariah*

### **1. Prelude**

Islam is the complete code of life (Al-Qur'an, 5:3) That means it is a guide to solutions of all issues of human life from birth to eternity through death. Arguably, therefore, there must have 'Islamic Management' as because management is the part and parcel, and proper management is an issue of great concern, of human life. But astonishingly and interestingly the study in and awareness of 'Islamic Management' is anything but poor. Of course the tendency and interests of the authors and researchers in this essential area of study are gradually increasing in Malaysia and USA.

### **2. Rationale of the Study**

Although the field of Islamic Management is making headway in Bangladesh, the author thinks that still the awareness in this field here is undoubtedly insignificant. Therefore, he took interest to highlight in this paper the introduction and basic features of Islamic Management vis-à-vis some contrasts of Islamic Management with the traditional Management.

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### 3. Methodology

The methodology followed in this regard is mainly of library work mostly based on the study of the Holy Qur'an, Hadith and related literatures that were available at the libraries.

Before portraying the basic features of Islamic Management it is useful to recollect that Islamic Management has several alternative nomenclatures e.g.

Management from Islamic Perspective;  
 Management from Islamic Point of view;  
 Management in the light of Islam;  
 Islamized Management;  
 Islamic Management and Business Administration;  
 Islamic Management and Business;  
 Islamic Business Administration;  
 Islamic Administrative action;  
 Islamic Administration and like.

### 4. Islamic Management Defined

Islamic Management (IM) may be defined in several alternative ways. viz, Management that follows the rules and regulations of Islam is called Islamic Management. Management done according to rules and regulations of the Holy Quaran and Sunnah is called Islamic Management.

Management from Islamic Perspective (MFIP) may be defined as achieving the 'Halal' objectives of an organization through the group efforts and co-operations of members (of the organization) under the boundaries and framework of the rules and principles of Islam.

Having Islamic Management defined it is needed to highlight the characteristics, features, basic objectives, and philosophies of Islamic Management. The following paras will be developed to pursue this mission.

### 5. Feature and objectives of Islamic Management

Islamic Management strives to achieve 'Halal'<sup>1</sup> objectives of organization. 'Halal' objective are those objectives, which are approved under 'Islamic Shariah'<sup>2</sup>. So Islamic Management can not be applied to achieve any 'Haram'<sup>3</sup> objective or thing. As for example Islamic Management can not set interest earning as an objective of the firm, since interest earning is prohibited.

The fundamental objective of Islamic Management is to satisfy Allah (SWT) by enabling the members of an organizations to render 'Huqullah' and 'Huqul ebad'. Huqullah means duty of man to Allah (SWT) and 'Huqul ebad' indicates his duty towards man and other creations. Islamic Management facilitates to perform theses two types of duty by ensuring a reasonable 'Halal' earning for them.

Islamic Management is done under the rules and regulations of Islam. Therefore the managerial functions of planning, organizing, directing, motivating,

coordinating and controlling must be done under Islamic rules, regulations and principles.

In Islamic Management organization, the 'Shariah' board or council constitutes a distinguished and powerful organ. The members of the 'Shariah council or board are the qualified experts in Islamic Knowledge. They are not subservient to management but their decisions as to permissibility and non-permissibility of any matter is final and binding on the management to follow.

Thus it is evident that the ends (objectives) and the means (the activities and functions to achieve the objectives) both must follow the rules and regulations of Islam.

Since human beings are made as 'Ashraful Makhluqat'<sup>4</sup> they are considered to be the most valuable and prestigious members of the organizations. Hence, Islamic Management gives much importance to develop human resources through research, and trainings.

## 6. Philosophies of Islamic Management

Islamic Management has the following major philosophies.

To satisfy 'Almighty-Allah.

To create a most congenial atmosphere in the society.

To nourish and develop friendship and humanity in the society.

To create a better living place and develop a peaceful life in the society, specially for the believers.

To develop & lead the most esteemed life physically and mentally.

## 7. Scope and Coverage

The scope & coverage of Islamic Management is very broad. Where anything to be achieved through the joint efforts and co-operation of the members of an organization, there is an Islamic way of achieving it.

So, Islamic Management is applicable in all spheres of life requiring achievement of 'Halal' objectives through joint efforts and co-operation of some group of persons or individuals.

Therefore, we can say that the scope of Islamic Management encompasses management in mosque, business organization, social non-profit origination, government organization and the like. As a course of study Islamic Management (IM) covers:

Introduction to IM.

Ethics of IM

Management Ethics

Principles of IM

Islamic way of Planning, organizing, coordinating, directing, motivating & controlling.

Islamic way of Financing, purchasing, production & marketing &

Islamic Leadership Process.

## 8. Ethics of Islamic Management

Islamic Management is based on Islamic ethical system. The Islamic ethical system differs from secular ethical systems and the moral codes advocated by

other religions. Throughout civilization, these secular models assumed moral codes that were transient and myopic since they were based on their human founders, e.g. Epicureanism or happiness for happiness's sake.

On the other hand, the moral code embedded in Islamic ethics emphasizes the relation of man to his creator. Because the Creator (Allah the Almighty) is Perfect and Omniscient, Muslims have a code that is neither time bound nor biased by human whims. The Islamic code of ethics is enforceable at all times since its Creator and Monitor is closer to man than his jugular vein, and has perfect eternal knowledge. In order to better understand the moral code of Islam, let us consider the key parameters of the Islamic ethical system.

*The key parameters of the Islamic ethical system are as follows*

1. Actions and decisions are judged to be ethical depending on the intention of the doer. Allah is Omniscient, and knows our intention completely and perfectly.
2. Good intentions followed by good actions are considered as acts of worship but halal intentions cannot make haram actions halal.
3. Islam allows an individual the freedom to believe and act however he /she desires, but not at the expense of accountability and justice.
4. Belief in Allah endows the individual with complete freedom from anything or anybody except Allah.
5. Decisions that benefit the majority or a minority are not necessarily ethical in themselves. Ethics are not the numbers' game.
6. Islam uses an open system approach to ethics, not a closed, self-oriented system, Egoism has no place in Islam.
7. Ethical decision are based on a simultaneous reading of the Qur'an Sunnah & natural universe.
8. Unlike the ethical system advocated by other religions, Islam encourages mankind to experience piety through active participation in this life.

Through ethical behavior in this life, Muslims are urged to prove their worth to Allah. Thus in contrast to all other approaches under secular system, Islamic ethical system is neither fragmented nor unidimensional. It constitutes the integral part of the Islamic view of life and therefore, complete and balanced. There is internal consistency, or 'adl' or equilibrium within an individual's code of conduct. The axiom of equilibrium lies at the core of the Qur'anic ayat:

"Thus have we made of you an ummah justly balanced that you might be witnessed over the nations and the apostle a witness over yourselves" (2: 143)

## **9. Principles of Islamic Management**

Principles are the basic guidelines for rendering managerial functions smoothly. The principles ensure efficiency and effectiveness of management. The principles of Management from Islamic Perspective are those principles of Management, which have been established from the Islamic point of view. In other words these are the principles that have been developed following Islamic ethics. Islamic ethics is that branch of knowledge which classifies each and

every human behavior and activity either as 'halal' or 'haram' through simultaneous study of the Holy Quran, 'sunnah' and the nature.

Recent studies of Islamic literatures on management indicate that there may be twenty-three principles of Islamic management as listed below:

- 9.1 Faith
- 9.2 Fear of Allah
- 9.3 Management Priority Principle
  - a. 1st the Holy Quran
  - b. 2nd the Hadith
  - c. 3rd Akkol
- 9.4 Tawakkul
- 9.5 Initiative
- 9.6 Accountability
- 9.7 Management through the Shariah Board
- 9.8 Sincerity
- 9.9 Preference of General Interests rather than Individual Interest
- 9.10 Justice for All
- 9.11 Discipline
- 9.12 United Efforts
- 9.13 Unity of command
- 9.14 Unity of Direction
- 9.15 Centralization & Decentralization
- 9.16 Order
- 9.17 Scalar Chain
- 9.18 Economy
- 9.19 Patriotism
- 9.20 Dignity of Labor
- 9.21 Division
- 9.22 Right man in the right place
- 9.23 Forgiveness

### **9.1 Faith**

Management from Islamic perspective must reflect the faith of a manager in:

- a) Almighty Allah;
- b) His Angels;
- c) His divine Scriptures loaded on his apostles;
- d) His prophets (Nabees & Rasuls SAWS)
- e) After worlds (Aakhirat)
- f) Fortunes and calamities of lot comes from Allah
- g) Qiamatt (The day of Judgment and Revival of all human beings).

### **9.2 Fear of Allah:**

A manager while managing a firm should be fearful of Almighty Allah (SWT). Otherwise, he may involve in 'haram' activities while rendering his managerial

functions of planning, organizing, directing coordinating, motivating and controlling. It is laid down in the Holy Quran that the most learned persons fear Allah the most.

### **9.3 Management Priority Principle**

In managing any activity including business, the manager first look to its hints for solution from the Holy Quran. If he fails then he should give a second search of Hadith (Sahi). Again if he fails he should look to "Izmah and Kias" of recognized religiously learned persons and his good consciences.

### **9.4 Tawakkul**

"Tawakkul" means dependence on Almighty Allah (SWT) for the result of an action. It is versed in the Holy Quran, "Depend on Allah." Without dependence on Allah (SWT) Islamic management cannot be conceived of. Tawakkul here presupposes trying. Tawakkul without trying is not the teaching of Islam. So, a manager must prepare plans and policies to achieve organization's, rightful (Halal) objectives. But he must depend on Allah (SWT) for the success of his plan.

### **9.5 Initiative**

Initiative is the drive, enthusiasm, vigor and creative thinking for better solution of a problem. The significance of this can be found in Hadith since there is a 'Hadit' like whenever you engage yourself in worldly affairs engross in it in such a way that you have no conception of after world and whenever you engage yourself in prayer and meditation you engross in it in such a way so that you have no conception of this world. This is just to energize one to ones activity but not to forget the world or 'Akhirat'. A Muslim manger must exercise sufficient initiative to achieve the group objectives.

### **9.6 Accountability**

Whoever is given responsibility or authority to do something he must be accountable to his superior. The Holy Quran pronounces that each and every human being will be made responsible for his good or bad deeds and accordingly he will be prized or punished by Almighty Allah (SWT). So, without accountability there cannot be any Islamic Management.

### **9.7 Management by Shariah Guidelines**

It is mandatory for Islamic Management to follow the rules, regulations and guidelines of Islamic Shariah. This may be ensured through the establishment of an independent and powerful Shariah Board, properly manned by the learned "Moulanas" and "Muftis". Any matter of confusion relating to managerial issues must be referred to the Shariah Board for prior approval before implementation by the management. If any matter is not approved by Shariah rules that must be discarded with.

### **9.8 Sincerity**

Sincerity is another principle of Islamic Management. A manager must be sincere to achieve the (Halal) objectives of a firm. The Quranic terminology of

sincerity is "Khulusiat." The holy Quran urges people to be utmost sincere in his prayings, meditations, and good deeds. So, Islamic management can hardly be conceived of without sincerity of management.

### **9.9 Preference of general interest to individual interest**

Islam always urges to serve general group interest of the Muslim community. In the holy Quran the Muslim community is addressed as a single consolidated strong wall of lead. In solving managerial issue Islamic management should serve the general interest of the persons affected by the decision.

### **9.10 Justice for all**

Management from Islamic perspective should ensure justice for all the staffs, employees and workers. This is because Islam always urges for doing justice to all. The holy Quran says, "Verily Allah is the best of Judges"

### **9.11 Discipline**

Islam is in favor of maintaining discipline. There is no room for chaos and confusion in it. The holy Quran prohibits man to create chaos in the world. So, management from Islamic perspective should be preformed in a disciplined way.

### **9.12 United Efforts**

The "Halal" objectives of management from Islamic Perspective should be achieved through group rather than individual efforts. So, highest level of unity should be maintained among the executives, staffs and workers for motivating and energizing group efforts.

### **9.13 Unity of Command**

A group of subordinates should have only one boss. So that dual subordination can be avoided.

### **9.14 Unity of Direction**

Unity of direction indicates that all directions to subordinates should be consistent towards achieving the objectives of the organization.

### **9.15 Centralization and Decentralization**

Centralization means concentration of decision-making power at the higher levels of management. On the other hand decentralization is the dispersion of decision-making power through delegation of authority to lower levels of management. Under MFIP the most crucial and strategic decisions are to be centralized whereas the routine decisions requiring local information and knowledge should be decentralized.

### **9.16 Order**

Each job should be defined so that jobholders clearly understand it as well as its relationship to other job

### **9.17 Scalar Chain**

There should have unbroken chain of command and communication from top to bottom levels of management. This will ensure smooth communication and feed back of information and order.

### **9.18 Economy**

Everywhere in the organization wastages and redundancy should be avoided. Islam condemns any sort of wastage. It is pronounced in the Holy Quran that those who waste away are the brothers of 'Evil'.

### **9.19 Patriotism**

Love of country is a part of faith (Islam). So, MFIP must reflect patriotism. Love of country means love of and well being for the people of the country.

### **9.20 Dignity of Labor**

To recognize dignity of labor Islam says that pay the wages to the labor before his sweat dries up (Hadith). Islam accepts that earning as the best, which is earned by the toil of the labor. Therefore, in line with the spirit of Islam MFIP should duly recognize the dignity of all types of physical labor of the workers and staffs.

### **9.21 Division of Labor**

For the purpose of increasing skill and dexterity, MFIP should practice division of labor in the organization.

### **9.22 Right man in the right place**

According to the expertise and skill of the employees, staffs and workers, their placements in the job should be ensured. This will ensure efficiency and increase productivity of the firm.

### **9.23 Forgiveness**

To show mercy and forgive the minor faults of the workers and staffs are encouraged in Islam. This will strengthen brotherhood and unity of the Muslims. Therefore this should also be a principle of MFIP.

## **10. Islamic Way of Management some brief outlines**

Now let us have some brief outlines as to Islamic planning, organizing, directing, motivating, and controlling systems.

### **10.1 Islamic Planning**

Planning will be Islamic if it is done in the following ways:

- a) It is made following the rules of Shariah.
- b) It is done following the rules and principles of Islam.
- c) It is performed following Islamic ethics.
- d) It is based on fact rather than on imaginary figures.
- e) When objectives of the organization are not in contrast with the Islamic Shariah.
- f) The objectives as to;

Profit earning, marketing achievement, productivity performance, physical expansion & financial Performance must be Islamic and any un-Islamic objectives in this regard cannot be decided upon e.g.

### **10.1.1 Profit-earning**

A reasonable and normal profit rather than exorbitant profit is to be determined. Now the question arises as to the reasonableness of profit. How to determine a reasonable rate of return or profit? Yes it is difficult to arrive at a reasonable profit since there are no unique criteria for this. But although it is difficult to decide on the point of reasonableness and it may vary from person to person it is not impossible to find out what is called a reasonable profit if we use our good conscience.

Virtually, one can arrive at a range of reasonable profit by considering the following factors:

- i. Cost of the product
- ii. Its quality
- iii. Its utility and satisfaction to the consumers
- iv. Price of similar products if available in the market
- v. Risk of the industry

A brief discussion of the above factors is necessary.

#### **i. Cost of the product:**

Whether the profit is reasonable or unreasonable one can realize by considering its cost of procurement or manufacturing. Normally 10 to 20 percent of procurement and manufacturing costs are considered or tolerated by the consumers as range of reasonableness of profit. But it should be noted that costs here must be under efficient and effective procurement and production. If the costs are computed under inefficient and ineffective condition that cannot be used for determining price.

#### **ii. Its quality:**

Reasonableness of profitability is also has some relevancy with the quality of a product. Higher the quality of the product the more can it be profitable. It has been observed that a consumer wants to buy a quality product by giving some premium for it.

#### **iii. Its utility and satisfaction to the consumer:**

A product, which is more useful and to the more satisfaction of the consumers can be sold at a higher price since consumers and buyers do not hesitate for this. So, products having high utility and satisfaction can earn more profit and hence their profit targets will be reasonably high.

#### **iv. Prices of similar products:**

Reasonableness of profit can also be justified by comparing and considering the prices of similar products in the market, if available. This is because similar products should be sold at similar prices. The consumers and buyers also consider it reasonable that same or similar products should be sold at uniform prices.

#### **v. Risk of the product and industry:**

If the product risks and industrial risk of the product are very high but the product is very much essential it is reasonable to assign more profit for the purpose of covering its risk. Otherwise the businessmen and entrepreneurs will not come forward to its production and sale.

#### **10.1.2 Marketing achievement**

Marketing consists of 4 p's i.e. *product, price, place, promotion*.

Products that is proposed or programmed to be produced should be halal ones.

**Price:** A reasonable price for the product should be planned. No, price manipulation or artificial raising of price should be planned.

**Place:** Product of daily necessities should not be sold to distant places depriving the surrounding or local markets.

**Promotion:** Naked advertisement cannot be planned. Undue salesmanship cannot be projected. It may be planned to describe the actual quality and facts about the company's product. So, as to advertisement the bare-facts about the product may be communicated to the customer.

**Warehousing & storing:** For the food crops and corns which are the daily consumption necessities of life cannot be planned to hoard for more than forty days in order to create artificial crisis in the market.

#### **10.1.3 Physical objectives**

The firm should plan to acquire resources sufficient to achieve its objectives. If sufficient resources are not acquired there would be inconsistencies between physical facilities and objectives. So, the objectives will not be materialized which is undesirable in Islam.

#### **10.1.4 Financial objectives**

Interest based financing cannot be projected. Financing from Islamic Bank should be approached.

The limited companies can issue shares to raise capital funds but issuing bond is "haram". This is because the company is to pay interest against the funds raised by issuing bonds or debenture.

#### **10.1.5 Productivity**

Productivity objectives i.e. a) Ratio of output to labor costs. b) Ration of output to capital costs. c) Ratio of value added to sales, d) Ratio of value added to profit, should be achievable, but challenging otherwise the workers' motivation would be adversely affected.

If the productivity objectives are set at a very high level which are unachievable they will just act as fillers for negative motivation.

### **11. The Process of Decision Making in Islamic Management**

Islamic Management is characterized by consultative and consensus decision-making. There is no room for autocratic or personal ego-based decision making.

To quote from the Holy Quran "...And who (conduct) their affairs by mutual consultation....."(42:38). A Maududi recommends the following steps in order to arrive at a consensus decision (Sheikh, 1988)

- i. There should be complete freedom of speech and expression for all participants in the process of decision-making.
- ii. The leader of the decision making group should be selected on the basis of consensus opinion of the participants. The criteria for selecting such a person should be based on his performance, capabilities, and sincerity. In this way the leader would enjoy the confidence of the participants.
- iii. All participants in decision-making (e.g., Board of Directors) should be honest and should enjoy the confidence of the group, which they represent. They should be able, and deserving candidates capable of keeping everybody's interest in mind.
- iv. There should be no "groupism" among the participants in decision-making, because this leads to politicking and intense lobbying which invariably has disastrous consequences.

In summary, the Holy Qur'an emphasizes moderation, truthfulness, justice, alone with other attributes identified earlier, and with consensus seeking during group decision-making. Whatever may be the method of decision-making; these fundamental Islamic requirements are expected to be kept in mind. Any violation renders the decision un-Islamic.

## **12. Organizing from the point of Islamic Perspective**

Organizing means -

- 1) assigning job responsibilities among the human resources of the organization.
- 2) determining relationship of various positions created in the organizations i.e. who will be responsible to whom.
- 3) determining span of supervision or control.
- 4) indicating the flow of line of authority.
- 5) determining the layers or echelon of organization.

In all the above elements of organization the principles and ethics of Islam must be maintained to make the organization from the points of view of Islamic management.

1. More specifically while assigning job responsibilities the following principles and ethics of Islam should be followed:
  - a) Assign responsibilities according to the capability and expertise of the persons.
  - b) No favoritism or bias can be shown in giving responsibility.
  - c) One who shows his cravings for taking any responsibility he should be avoided because there may have some self-interest that may ruin him after having the responsibility.

d) Islam says that the best person for assuming responsibility is one who fears Almighty Allah (SWT) the most. So, who is very much grateful to Almighty he should be given the job responsibility.

2. In determining the relationships of various positions created in the organization the Islamic guidelines are as follows:

- a) The positions requiring comparatively higher education and intellects should be given higher ranks.
- b) The positions requiring immediate lower level of education, thinking and complexities should be ranked at immediate lower positions, and persons in these position will be accountable to the executives of immediate higher ranks.
- c) The responsibility of each position must be clearly determined.
- d) There must not be overlapping of responsibilities of two persons in the organizations.

3. As to span of supervision the following points should be observed:

- a) The span of supervision should be reasonable. Reasonable in the sense that it must be manageable considering the capacity of supervisor.

4. The flow of lines of authority and responsibility should be clear-cut so that no confusion arises as to discharge of authority and responsibility.

5. The layers or echelons of organization should not be too many or too few. It should be within 4 to 5 layers. Otherwise efficiency and effectiveness will be hampered.

### **13. Features of Direction under Islamic Management**

Direction under Islamic Management has the following features:

- When direction is given following Islamic rules and regulations it is said to be direction under Islamic Management.
- Direction should be allowed & accepted under Islamic Shariah rules & ethics.
- Direction should not be vague & confusing
- Direction should be given as far as possible in written form.
- Directions should as far as possible be specific and comprehensive.
- Direction should be free from any bias.
- Direction should be timely so that the opportunity can be tapped.

### **14. Features of Motivation under Islamic Management**

Islamic Management's fundamental motivation lies in carrying out the dictates of Almighty Allah (SWT) and His prophet Hazrat Mohammad (SAW).

A Muslim manager believes that he should motivate his followers and subordinates through accomplishing the rules and regulations of Islam. So, the following may be the salient features of motivation in Islamic Management.

- Islamic Management recognizes both financial & non-financial incentives for motivations e.g. payment of quality bonus; praising the quality performance and the like.
- Anything that de-motivates the subordinates are not accepted under IM e.g. under cutting of salary or postponement of rightful claim.

- The motivational force of I.M. is not sought in materialistic gain rather it is sought from the verses of Holy Qur'an and Hadith
- For example, the whole Muslim population is considered as one consolidated world or a single "Ummah". So, all the Muslims are under the tightest bondage of brother hood or fraternity. They should co-operate and help each other in an organization to increase its productivity, which ultimately leads to up-liftmen of the whole Muslim community.
- The subordinates must not be insincere to the employer and the organization.
- They must be very much sincere and honest to exert their best efforts for pursuing the "halal" objectives. Otherwise, they must be accountable and punished for their dishonesty and insincerity.
- The workers and subordinates believe that if for their sincerity and honesty they are not prized for in this world, Allah (SWT) will without doubt prize them for their sincerity and honesty in the afterworld. Here in lie the triggers of their motivation in the organization.
- Islamic Management practices motivation through justice, 'Ihsan' & forgiveness of minor faults and crimes of he subordinates.
- Islamic Management motivates the subordinates through majority consensus decisions.
- Islamic Management also motivates the 'minority' by recognizing their rights.

### 15. Islamic Control System

Islamic control system encompasses the tools, techniques, methods, and procedures applied to oversee whether all activities and functions of various divisions, departments and sections are proceeding as directed to achieve 'halal' objectives of the organization. Like any control system Islamic control system has the following four steps:

1. Establishing the standards of measurement;
2. Measuring actual performance;
3. Comparing actual performance with the standards and finding deviations of actual performance from the standards;
4. Issuing corrective actions to meet the standards and targets.

*These steps of control are discussed below:*

#### *1. Establishing the standards of measurement*

For the purpose of efficient and effective control setting appropriate standards is a must. In setting standard Islamic guidelines are as follows:

- i. Standard should be challenging.
- ii. It should be achievable.
- iii. It should not be too high or too low.
- iv. The standard should be decided after scientific testing and/or actual performance of some normal period or periods.
- v. Standards should be pragmatic rather than based on theoretical aspects.
- vi. Standard should be based on facts rather than fiction.
- vii. Standard should be decided jointly by the executives and all the members concerned of the organization through consensus decision.

## *2. Measurement of actual performance*

As to measurement of actual performance the following points should be observed:

- i. Actual performance should be measured in lines of authority and responsibility of the organization i.e. as far as possible according to the organizational, divisional, departmental, and sectional budgets.
- ii. Measurement should be impartial, unbiased and objective rather than subjective
- iii. As far as possible measurement of performance should be quantitative and accurate.

## *3. Comparing actual performance with the standard*

At this stage actual performance is compared with the standard performance. The difference of actual performance from the standard performance is called deviation. This deviation may either be favorable or unfavorable. When actual performance is higher than the standard performance the variance is favorable. But when actual performance is lower than standard performance the variance is unfavorable. While reporting variance it should be clearly mentioned whether the variance is favorable or unfavorable. More-over the reason or reasons for variances must be mentioned for the purpose of taking appropriate corrective action or actions.

## *4. Issuing corrective actions*

The unfavorable variances depicted in the control report are to be rectified by issuing appropriate corrective action or actions. In this connection the corrective action should be issued before the opportunity is missed. Otherwise issuing corrective action will be in vain. After issuing corrective action the current control cycle becomes complete and another control cycle restarts.

## **16. Islamic way of financing, purchasing, production & marketing**

Islamic way of financing, purchasing, production, and marketing is quite distinct and specific which also is based on Islamic 'Sharia'. For example procurements and investments of funds must not be based on interests. Rather they are to be based on profits. Interest is a prefixed charge on loan which is always positive. On the other hand profit is earned through by doing business. Profit may be both, either positive or negative. Similarly in purchasing, production, and marketing operations and activities, Islamic ethics and rules of 'Sharia' must be followed all thorough.

## **17. Islamic Leadership**

Islamic Leadership is the process of guiding a group of people, called followers in the way of Allah (SWT) following the guidelines of Islamic shariah for the purpose of betterment and well being of them (the followers).

### **17.1 Features of Islamic Leadership**

Islamic leadership has the following features.

- 1) The main purpose of Islamic leadership is to help the followers to have the blessings of Allah (SWT) and His prophet.
- 2) Islamic leadership endeavors to effectuate the well-being of the followers.

3) It has got two roles to play i.e. I. Servant leadership role, and II. Guardian leadership role.

### **17.1.1 Servant Leadership**

Under the concept of servant leadership the leadership attitude is to serve the followers. The leader considers himself to be the servant first. The leader employs his leadership influence in the uplift and development of the followers. He thinks that leadership service is superbly performed when it is utilized for the well being of the followers.

### **17.1.2 Guardian Leadership**

The concept of Guardian leadership holds the view that the leader is to play the role of guardian by protecting his community against all sorts of tyranny and oppression as well as encouraging Allah (SWT) consciousness, 'Taqwa' and promoting justice. The role of Guardian leadership is reflected in the following 'Ayats' of Holy Qur'an:

"Now hath come unto you an apostle from amongst yourselves. It grieves him that ye should perish. Ardently anxious is he over you. To believers is he most kind and merciful " (Al-Qur'an, 9:128).

Similarly in 'Hadith' we find, "Commander (of the Muslims) is a shield for them" (Sahih Muslim). The prophet Hazrat Mohammad (SAW) has emphasized the Guardian-leadership role of the Muslim Leader (Beekun, 1999).

## **18. Contrasts of Islamic Management with Conventional / Traditional / Secular Management**

Islamic Management is in sharp contrasts to the Conventional, Traditional or Secular Management. It is significant to be conversant with them so that anyone can recognize the points of differences between these two types of management. The contrasts are shown below in Table-I

**Table-I: Contrasts of Islamic Management to Conventional / Traditional / Secular Management**

Points of contrasts	Islamic Management	Traditional / Conventional Secular Management
1. Definition	Islamic Management is defined as Management that follows the rules and regulations of Islam to achieve the 'Halal' objectives of organization through group efforts and co-operations of the organizational members.	Management is defined as achieving organizational objectives through group efforts of the organizational members.
2. Nature	It is conceptualized by the principles and ethics of Islam.	It is conceptualized by the rules and philosophies of secularism and capitalism.
3. Basis	The bases of Islamic Management are Quran, & 'Sunnah' <sup>5</sup> .	The bases of conventional management are men made theories and secular ethics.
4. Objective	The objective of Islamic Management is to satisfy Allah (SWT)	The object is to satisfy the owner by maximizing profits of the organization.
5. Root and linkage	Islamic Management has its deep root in and linkage with afterworld.	It has no such root and linkage rather, secular management has deep root in this world.
6. Recognition in Islam	Islamic Management in its true perspective is recognized in Islam as 'Ebadat'.	This is not recognized as such.
7. Philosophy	The philosophy of Islamic Management is to balance between this world and after world.	Conventional Management does not balance as such.
8. Qualification.	Here both technical (managerial) and religious qualification are essential.	Here just technical qualification is required.
9. Decision Making	Here majority consensus decision is sought provided it is 'Halal'.	Here majority consensus decision may not be sought and decision-making has no reference to 'Halal or Haram'.

Points of contrasts	Islamic Management	Traditional / Conventional Secular Management
10. Scope of Autocracy	Decision-making must not be autocratic.	Decision-making may be autocratic.
11. Controlling	Controlling is done through Islamic ethics & principles. Peoples are always satisfied and more submissive. So, they are naturally self and well controlled.	Controlling is more complex and traditional. There is no serious ethical or moral control system.

*Source: Developed through literature review and research.*

## 19. Conclusion

In this short piece of article an attempt has been made to focus Islamic Management in brief encompassing definition, objectives, philosophy, nature, coverage as well as its contrasts to traditional Management. Islamic Management is truly managing business and other organizations as per directions of Allah (SWT) as revealed in the Holy `Qur'an, Hadith, including application of the techniques of Islamic `Izmah'<sup>6</sup> and `Qias'<sup>7</sup>. Thus Islamic Management is such a Management by practicing which a Muslim Manager can be equally benefited in this world and after world.

## References

Beekun, Rafiq and Badawe, Jamal (1999) *The leadership Process in Islam*

Sheikh, Muzaffar A. (1988), Ethics of Decision-Making in Islamic and Western Environments, *The American Journal of Islamic Social Sciences*, Vol. 5, No. I, p.124.

## Endnotes

- <sup>1</sup> Things and action which are permissible by Almighty Allah.
- <sup>2</sup> Islamic rules regulations and principles.
- <sup>3</sup> Things and actions which are strictly prohibited in Islam. Each and every person will be punished for committing 'Haram' things.
- <sup>4</sup> The best of all creations
- <sup>5</sup> This indicates life styles and practices of Hazrat Muhammad (Sallallahu Alihiwassalam) which are nothing but the practical implementations of the rules, regulations and guidelines of Holy Qur'an
- <sup>6</sup> This is the full consensus decision of the most learned persons in Islam. It is the their source of Islamic law. First and Second sources respectively have been the 'Holy Qur'an, and 'Hadith' (Vide-'Bangladesh-e-Muslim Ain' by Alimizzan Chowdhury - Arani Prokashani, Mohiuddin Book House, Dhaka.
- <sup>7</sup> It is the individual interpretations and explanations of some 'Shariah' issues by the very renowned and recognized learned Muslims on the bases of the Holy Qur'an and Hadith.