Islamic Values and Principles in the Organization: A Review of Literature

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Abstract

This paper attempts to review the literature on the Islamic values and principles in an organization, then presents the importance of its delineated dimensions. Two main theories of Islamic work ethics and practices are discussed comprehensively based on the Qur’anic verses as the ultimate source in Islamic thinking. The review includes the comparison between certain components’ implementations and the views of other religions in several countries. This reveals that each of dimensions are clearly functional in organizations. It suggests that Islamic emphasizes on commercial activities which denied the authors’ opinions on its’ teaching for not governing the materials aspect or success in business performance. The Islamic religion seeks to deliver the goodness to all mankind according to its rules and principles. The integrated system of the Islamic worldview encompasses all aspects of both worldly and hereafter- including the aspect of business.

Keywords: Islamic values, Islamic principles, Islamic work ethics, Islamic practices

1. Introduction

Religion is one of the most influential social institutions that is significantly associated with people’s attitudes, values and behaviours. It tells specifically the effects to the organization matters include on the managers and employees’ approaches and decisions. Spilka et al. (2003) asserted that religion plays an inseparable role in numerous forms of human interactions. As a comprehensive religion, Islam governed all aspect of life as an integrated system that clearly stressed on the importance of its values and practices in order to seek Allah’s blessings and mercy (rida). While, in business field, a combination of profit and mashlahah maximization would bring the business into achieving real success.

The researches examine both relationships of religious and work attitudes on the linkage at the individual or firm level (Niles, 1999). However, further works need to examine both relationship with other religion perspectives like in Islam. Table 1. below is the summary of the impact of the religious elements in an organization.

<table>
<thead>
<tr>
<th>Category</th>
<th>Authors</th>
<th>The Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Religion (Individual Level)</td>
<td>Emmons and Paloutzian, (2003); Pargament et al. (2005); Regnerus and Smith (2005); Krishnakumar and Neck (2002); Tischler et al. (2002); Kale and Shrivastava (2003); Fleming (2004); Anderson (2005); Kinjerski &amp; Skrypnek (2006); Milliman et al. (2003)</td>
<td>Creativity, honesty and trust, personal fulfillment, commitment, motivation and job satisfaction, and organisational commitment.</td>
</tr>
<tr>
<td>Religion (Firm Level)</td>
<td>Brotheridge and Lee (2007); Duffy (2006); Ebaugh et al. (2003); Hilary and Hui (2009); Longenecker et al. (2004); Mickel and Dallimore (2009); Vitell (2009); Brown (2003).</td>
<td>Emotional development and spiritual competence, encouraged holistic ways of working, developed community at work, empowered the workforce and human society, risk aversion and ethics, stress management and career development.</td>
</tr>
</tbody>
</table>
2. Literature Review

2.1 Islamic Work Ethics (IWE)

The implementation of the Islamic ethics or *akhlaqul karimah* was the first message of Allah given to His Messenger, Prophet Muhammad (PBUH). A Hadith clearly conveyed a message on the importance of *akhlaqul karimah* in Islam as narrated by Bukhari whereby: “I (Muhammad) have only been sent to complete good manners (Makarim Al- Akhlaq)” (Note 1). Ahmad (2006) has added that Muslims who wish to be granted the pleasure of Allah, may achieve this by applying the core values of ethics.

Islamic work ethics is rooted based on Al-Qur’an and *Sunnah* which concern with Islamic values, belief and practices (Arslan, 2005) which defined as the set of moral principles that differentiate what is right from what is wrong (Beekun, 1997). It inspires confidence in the workplace, reinforces social business responsibilities (Ali, 2005) and has a work-orientation as a virtue in human life (Rizk, 2008). These are also applied in any business applications and behaviors that every Muslims should observe and engage in as the servants of God (Beekun & Badawi, 2004) through hard working, commitment, dedication, work creativity, avoidance of wealth accumulation, cooperation and competitiveness at the workplace (Yousef, 2001). It is noted that Prophet Muhammed (PBUH) encouraged Muslims to work as much on his/her ability (Ali, 2005). The IWEs’ items are summarized in Table 2 as proposed by Ali (1988) and the reference in Al-Qur’an.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Al-Qur’an Verses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreements and promises</td>
<td>Ar-Rad 13:25, Al-Qasas 28:28, Yunus 10:71</td>
</tr>
<tr>
<td>Consideration for others</td>
<td>An-Nisaa’ 4:36, Al-Mumtahina 60: 9.</td>
</tr>
<tr>
<td>Consultation</td>
<td>Ash-Shura 42:38, Taha 20:103, Al-Kahf 18:22</td>
</tr>
<tr>
<td>Continuous improvement</td>
<td>Al-Araf 7:42.</td>
</tr>
<tr>
<td>Equality and unity</td>
<td>Al-Isra’ 17:35.</td>
</tr>
<tr>
<td>Fairness in wages.</td>
<td>Al-Imran 3:57, Saba’ 34:37.</td>
</tr>
<tr>
<td>Hard work.</td>
<td>Al-Baqara 2:62; 82, Al-Anaam 6:135</td>
</tr>
<tr>
<td>Helping others</td>
<td>As-Saff 61:14, An-Nahl 16:97, Yunus 10:41</td>
</tr>
<tr>
<td>Honesty and justice.</td>
<td>Al-Baqara 2:177, Az-Zumar 39:2; 3</td>
</tr>
<tr>
<td>Humble.</td>
<td>Hud 11:23</td>
</tr>
<tr>
<td>Patience.</td>
<td>Hud 11:11</td>
</tr>
</tbody>
</table>

Source: Adapted from Ali (1987)

Many studies conducted by the following authors, i.e. Al Habtoor (2001), Yousef (2001), Ali (2005), Ali and Al-Owaihan (2008) have concluded that the IWE contributes to higher performance and brings widespread prosperity and societal welfare. They also agree on the adoption of the IWE in managerial, business operations and economic activities. One of the popular measurement scales of Islamic work ethics was constructed by Ali (1988). He ran a test, among 150 Arab students in major universities in the United States. This scale has been used by researchers in both organizational and management contexts (Yousef, 2001; Rahman et al., 2006; Ali & Al-Kazemi, 2007; Khalil & Abu-Saad, 2009; Kumar & Rose, 2010). They conducted the studies in respective countries, such as the United Arab Emirate, Malaysia and Kuwait and concluded that the IWE is directly affected and that it has a strong relationship with organizational change, commitment, and work satisfaction. However, in
his in-depth interviews of 32 business people in Turkish SMEs, Uygur (2009) establishes that the IWE is not a significant factor for their attitudes.

Comparatively, the studies on work ethics of the conventional version have been conducted by Koh and Boo (2001) and Lambert and Hogan (2009) for the cases in Singapore and United States respectively, whereby work ethics has been indicated to have the largest impact on work satisfaction. However, Elkins (2007) argues that there is a weak correlation between work ethics and work satisfaction in relation to the Japanese manufacturing company. Regardless of the positive or negative findings in terms of studies on work ethics and success either in the conventional concept or the Islamic concept, Muslims are obliged to adopt the IWE as instructed in Al-Qur’an and Hadith.

2.2 Islamic Practices and Firm Performance

Islam is a universal religion that is meant for all human beings on earth and could be implemented at any time at all, while the word ‘comprehensive’ relates to the complete and perfect teachings (syumul). This is stated in Al-Qur’an. Al-An’am 6:38. As stated earlier by Rivai et al. (2012) Islam has three pillars of tawheed, shariah and akhlaq. Ahmad (2006) briefly explains each of these three items; Tawheed is a basic belief of Muslim that means the establishment of the Unity of Allah; Shariah can be described as Muslims’ code of conduct based on Al-Qur’an and Hadith; Akhlaq refers to the practice of virtue, morality and manners. A Muslim entrepreneur is required to have Tawheed as a total conviction to Allah as the Only Sustainer and the acceptance of His divine assistance that provides the Muslims with a source of security. The Tawheed paradigm can address the issue of integration in organisations and it provides an intellectual understanding of the unity of the creation and existence (Ahmad, 2006). This is asserted in the Al-Qur’an. Al-ikhlas 112:1 and Al-baqara 2:186.

Islam integrates religious practices of business activities with personal worship. Combining these practices in good intention is called an ibadah. All of the practices have been cited in Al-Qur’an and Hadith or based on the guidelines encompassing various shariah rules, muamalat and ethical values (akhlaq Islamiyyah) such as Islamic finance, halal certification, Islamic motivation in work, Islamic education, Islamic business training. Islamic networking (jemaah), payment of zakat, honesty, good intention (niyyah), dedication, creativity, optimism, commitment, tenacity and hard working.

The Islamic practices are categorized into actions of fardhu a’in (individual’s compulsory obligation) and kifayah (individual’s optional obligation). Fardhu a’in refers to practices that are mandatory to the Muslims and ignoring them is sinful and therefore, punishable. These include the Islamic pillars of belief in One Creator –God as the Sustainer and Prophet Muhammad (PBUH) as the messenger of God, praying or (solat) five times a day, fasting during the month of Ramadhan, paying zakat, perform Hajj to Mecca, and other ibadah of obeying Allah by doing everything that He ordains and avoiding everything He forbids. Meanwhile, fardhu kifayah refers to that the condition whereby if any Muslim has done the practices, other Muslims are not required to do so. For example, attending Islamic business training to learn financial or marketing strategies, where Muslims are not obliged to learn such knowledge (although in other perspectives, every Muslim has the responsibility to acquire knowledge).

The involvement of Islam in business and management has been explained in detail. All of these influences of Islamic practices on an organisation aim at achieving al-falah (success in this world and the hereafter). This, therefore, negates the notion that Islam does not emphasize commercial activities or that it is unrelated to any of the organisational behaviors. Some studies on Islamic management practices in various countries are depicted in Table 3.

<table>
<thead>
<tr>
<th>Islamic Management Practices</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethics &amp; social responsibility in management</td>
<td>Beekun (1997); Ahmad (1996); Hanafi and Sultan (1995); Gambling and Karim (1991); Al Habshi and Ghazali (1994)</td>
</tr>
<tr>
<td>Organisational behavior</td>
<td>Sharreef (1995); Al-Alwani (1995)</td>
</tr>
<tr>
<td>Leadership in organisations</td>
<td>Beekun and Badawi (2004); Ezzati (1982); Shirazi (1980)</td>
</tr>
</tbody>
</table>
Human resource management
Organisational communication
Quality management
Mutual consultation, advice, conflict resolution, work satisfaction, merit system in recruitment and promotion, mutual trust (management and employees) and the use of control and authority
Self-management, managing people, managing business transactions, and managing time
Planning, collectivism, leading, competition and conflicts
Strategic Management

In regard to the implementation of Islamic practices, it prescribes an extensive set of ways and regulations based on the four servitude principles namely the devotion to God, a committed heart, truthful words, and rightful deeds (Angha, 2002). It is also a framework that shapes the behavior of one-fifth of the world’s total population including those who are engaged in business and other facets of life across 50 countries (Jamaluddin, 2003). The reference from Al-Qur’an as the guidance on the adoption of Islamic practices is summarized in Table 4.

Table 4. The Islamic practices’ sources from Al-Qur’an

<table>
<thead>
<tr>
<th>Reference</th>
<th>Subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>Al Quran. An-Nur 24:37, Fatir 35:29</td>
<td>The importance rememberance of Allah, do prayers while in trade and sales engagement</td>
</tr>
<tr>
<td>Al Quran. Ad-Dzariyat 51:57</td>
<td>Obligation of mankind for an ibadat</td>
</tr>
<tr>
<td>Al Quran. Al-Qasas 28:77</td>
<td>Seeking of wealth, not to mischief and the aim of the Hereafter.</td>
</tr>
<tr>
<td>Al Quran. Ghafir 40:58; Al-Baqarah 2:30-33; Al-Mujadila 58:11; Luqman 31:20</td>
<td>The importance of training, learning and development</td>
</tr>
<tr>
<td>The Quran, An-Nisa’ 4:58-59</td>
<td>Implementation of human resources in the way of God with trust and responsibility</td>
</tr>
<tr>
<td>Al Quran. Al-Baqarah 2:286</td>
<td>Doing job based on capacity and competency</td>
</tr>
<tr>
<td>Al Quran. Al-Ahqaf 46:19</td>
<td>Grading the employees work based on quality and quantity of their work</td>
</tr>
<tr>
<td>Al Quran. Al-Araf 7:85</td>
<td>Understanding the contract and meet the conditions</td>
</tr>
<tr>
<td>Al Quran. Al-Kahf 18:87-88</td>
<td>Economic/Business Performance</td>
</tr>
<tr>
<td>Al Quran. Al-Baqarah 2:42, At-Taubah 9:16</td>
<td>Accurate information and prohibited false assertions, unfounded accusation and false testimonies</td>
</tr>
<tr>
<td>Al Quran. Al-Furqan 25:67</td>
<td>Balance between those (extremes)</td>
</tr>
<tr>
<td>Al Quran. Al-Qasas 28:26-28</td>
<td>Mutual consultation and consent</td>
</tr>
</tbody>
</table>

Source: Adapted from Ali (1988), Ahmad (2006) and Rivai et al. (2012)

In adopting Islamic practices, Muslims are driven by a kind of faith which is otherwise known as iman. Islam considers iman as the basic motivating factor for believers which determines their conscience. All business decisions must be guided by iman, which practically means abiding by the shariah law, engaging in the things that are permitted (halal), avoiding those that are forbidden (haram) (Alawneh, 1998). Business decision makers are free to make choices, but religious principles provide a framework for the appropriate exercise of that choice (Ali & Gibbs, 1998).
3. Conclusion
The Islamic values and ethics are based on the statements in Al-Qur’an and Hadith that may be cited in other religious thoughts but the tawheedic view may differentiate between Muslims and other adherents. Those elements are seen to be able to be adopted in analyzing business performance in the organizations through their beneficial concepts and functions; however, the empirical studies which argue on, and compare between the Islamic and the conventional methods used by many researchers for years, should be conducted. The shariah-compliance concept should be superior to other concepts. Muslims are obliged to implement all elements as an act of an ibadah, aiming to get the rida’ or blessings from Allah SWT in their life endeavours.

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Note


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