The Role of Islamic Management in Building Ethics in Organizations

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Abstract—Business scandals and ethical misconduct caused millions of dollars in losses, left behind damaged organizations, forced them to close their business and left thousands of employees jobless without any future guarantee or security. This incident has left scholars and managers asking what role they might have played to curb these ethical scandals and what role they can play in the solutions. Scholar and managers collectively have responded to the ethical challenges that we face in organizational life. Some scholarship assesses the current state of ethics in management education, helping us to diagnose and tackle the realities of unethical behavior. Part of the solution to this problem is to design and develop courses and programs in a better way, integrate business and management learning with ethical conduct. Scholars should focus on which standards should be advanced. Indeed, what connects these diverse discussions is a clear recognition that educational components designed to solve the ethical quandaries we face will require a multifaceted and comprehensive approach. Religions and philosophical schools of thought have always played a significant role in the development of human values and behavior which has a great impact to business and corporate management. Research also suggests that the encouragement religious principles in business can lead to benefits in the areas of creativity, honesty and trust, personal fulfillment, and commitment, which will ultimately lead to increased corporate and business performance. It is where Islamic Management come into place where the foundations, principles, and practices will give impact in developing ethical standard to organizations. Islamic Management will bring students and managers back to basic where they cannot put aside the role of religion in safeguarding management practices in organization.

Keywords-islamic management; islamic ethic; honesty; professional; curriculum

I. INTRODUCTION

Muslim community has long possess a strong belief on the truth of their religion, Islam, and the highness of Islam as a way of life. This belief is supported by a convincing, great history. The birth and presence of Islam is intended to solve the problems and improve the situation because the Prophet was sent to spread Islam to improve the human nature of mankind. Starting after the Hijrah of the Prophet SAW to Medina, Islam began to grow rapidly, and it has successfully traveled to almost all continents. However, since the 12th century, with the rise of the European world (renaissance), the Islamic world seemed to have experienced a great deal of failure and failed to produce something significant to the human life until the end of the Islamic Khilafah rule in Turkey with the fall of Sultan Abdul Hamid Khan II bin Abdul Majid Khan, The last Islamic Caliphate, on April 27, 1909.

This is what awaits Muslims in the face of Western power. They feel strong but the power is embedded in history. The fact is they are weak; not only weak but confused. Hence, it is not surprising when Napoleon Bonaparte and his scientists made demonstrations of chemical experiments in Egypt sometime before, the scholars at that moment were excited and commented, “this is indeed a real magic!” Comments far away from the foundation of knowledge as they never learn and be exposed to chemistry!

It’s time to rebuild the greatness of Islam. One way is through education by reproducing sources of reference based on Islamic knowledge written by Muslims themselves. The world is now looking at Islam as a hope to work and solve the problems faced by humans. This is evidenced by the rapid development of the Islamic Banking and Financial System which has been accepted in more than 105 countries and is growing from only one institution in 1973 now there are 622 institutions offering Islamic banking with the total assets valued at USD1.9 trillion. The Islamic Banking and Financial System is growing rapidly in non-Muslim countries. In accordance with the fastest growing religion today, all Muslims hope that a reference to the Islamic management and ethics of Islam can be provided for the world’s eyes, to overcome, or at least to reduce, the problem faced in today's corrupt management world.

Religions and philosophical schools of thought have always played a significant role in the development of human values and behavior which has a great impact to business and corporate management [1]. Research also suggests that the encouragement religious principles in business can lead to benefits in the areas of creativity, honesty and trust, personal fulfillment, and commitment, which will ultimately lead to increased corporate and business performance [2].

Muslims have long believed in the truth of their religion, Islam, and the height of this life span. They have a great and convincing history. Indeed the birth and presence of Islam in the world is to overcome and improve the situation because the Prophet was sent to spread Islam to improve the human nature. Starting after the Hijrah of the Prophet SAW to
Medina, Islam began to grow rapidly and successfully traveled to almost all continents.

A. Islam and the Worldview

Although Western societies are superior in administrative and management sector; however, in reality they have only begun university studies and set up a management faculty in the early 1920s. Syracuse University was considered the first university to establish the Faculty of Management Studies in 1919 followed by the University of Northern California in 1929 [3]. Both were universities in the United States. Although the establishment of formal faculties began late, the contribution of Western societies in the development of management knowledge began earlier with the introduction of several classical and modern management theories.

Nevertheless, classical and modern management theories through Western-born humanitarian or behavioral approaches have failed to produce tranquil workers who are always demanding that their economic and psychological needs be met. Misappropriation and moral collapse among workers have become common scenes which is proof of the existence of an unhappy soul. Langgulung describes mental health as "... the degree or extent of a person successfully adjusts internally between its various movers and impulses and also adapts externally to relationships with the environment around it Including objects and people." [4].

To become a manager, an individual needs to equip himself with the right management knowledge to easily understand, plan, and then implement what is planned to achieve the goal of an organization whether profit-based organizations or non-profit organizations. But too few managers are able to carry out such tasks well and perfectly, especially in mobilizing the advantages of individuals, groups and teams in an organization.

The management theory that has been spearheaded by the West, even though it has been practiced for so long, there is still gap that need to be filled and completed. This gap exists because Western theories do not necessarily indicate the need to place religious values as an important element in assisting managers to manage the organization even though the organization is comprised of a combination of people who have the same or almost equal goals. Thus these theories directly lead to human provision for human well-being and the world as a whole.

To form a prosperous society we cannot run away from cooperating and helping each other because Islam cares about the issues of mutual help in life and it is mentioned clearly in the Qur'an:

"And help each other in virtue and piety (Al-Birr and At-Taqwa), but do not help in sin and transgression. And fear Allah. Verily, Allah is Severe in punishment." (Al-Maidah, 5: 2)

This verse was clarified by Prophet Muhammad PBUH when he said that his presence in this world is to lift-up Islam as the complete religion, to fill-up what was left by the previous Prophets. Islam came to fill these loopholes or gaps as stated by the Prophet Muhammad PBUH in one of his Hadith which means:

"I was sent to complete your morals" [7][8]

This suggests that people actually have morals but they are not perfect. This morality, if it is nurtured and understood by the people, is the basis of ethical guidance in organizational life. Therefore the Prophet came with Islam to guide the people and bring goodness and well-being to the whole world, coinciding with the purpose of the Word of God:

"And We have sent you(O Muhammad) not but as a mercy to the whole world (mankind, jinns, and all that exists)” (QS Al Anbiya: 107).

Nature encompasses human nature, the jinn and in which there are other living things and whatever is in the universe such as the land, the trees, the hills, the mountains, the trenches, the rivers, the lakes and Sea. Islam does not come with theory but Islam comes with clear guidance because the nature of Islam itself is a practical one. Management in Islam takes into account all of these which have a relationship either directly or indirectly. This is not addressed in Western management theory. Western theories only take into account matters relating to human beings and organizations disregarding their relation to nature. Western theories do not connect people with nature.

This article is expected to advocate readers especially Muslims to think about the greatness of Islam and to highlight it in their daily lives in whatever situation they are. Management needs to be seen and evaluated from a new perspective of Islam and it needs to be viewed and assessed thoroughly. Islam comes with all the instructions that cover various fields that are capable of producing a safe and prosperous life. Only the diligent Muslims strength to regain Islamic knowledge to be shared will contribute to the trust and confidence of the community towards the ability of Islam to govern the world. The power of Islamic Knowledge will be able to make human beings more ethical and with integrity in all circumstances and all organizations.

II. METHOD

This study is theoretically a qualitative study, using library research approach. Qualitative research methods were developed in the social sciences to enable researchers to study social and cultural phenomena. Qualitative method involves an interpretive, naturalistic approach to its subject matter; it
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attempts to make sense of, or to interpret, phenomena in terms of the meaning people bring to them. A study that tends to collect data by observing or analyzing the contents of the document. Collection of data through literature study where references are made to primary and secondary sources involving the use of books, research papers, theses, newspaper clippings, searches on the internet and the like.

III. Results and Discussion

A. Thought

There has been much talk about the idea of management by various authors. Some wrote about the principles of management in Islam but use Western thoughts. They revised and say it comes from Islam. Perhaps what they write is the truth because the greatness of Islam has long been hidden or destroyed by the end of the last Muslim Khilafah Othmaniah in Turkey on March 3, 1924. The values of humanity and justice were also eroded by the collapse of Islamic rule. Islam has experienced a period of decline because of the neglect of its followers and human thought is dominated by Westernism.

However, Muslims continue to persevere and seek to revive the greatness of Islam and bring Islam back into society. Islamic principles are still strong in some Muslims, and it is able to meet the progress and face the challenges of today’s era. Islam is not a human creation. Islam is God’s creation and it is an absolute idea. Allah promises to help His servants who are convinced and devoted.

Therefore when we discuss Islamic thought, it must be from Allah and end up with Allah. Islamic thought cannot be placed on par with Western thought because Islamic thought is much higher than all human thought. Anything that God has made it necessarily bring goodness and Allah will guide those who seek his blessing as stated in the Holy Qur’an which means:

"Indeed, there has come to you from Allah a light (Prophet Muhammad) and a book (al-Quran). Wherewith Allah guides whom He pleases to the way of peace and brings them out of darkness to the glorious light by His permission and shows them to the straight path.”(Al-Maidah: 15-16).

Islamic thought is a thought based on the eternal sense of life after death. Islamic thought is based on the basis that comes from God. Islamic thought is a complete thought around all the systems that human beings need to live in prosperity. For example, Islam comes with a universal economic concept that can provide justice to nature. Islam is deterred by non-repressive political concepts. Islam comes with a management concept that connects humans with nature and its creators.

If we look at Islamic thought, it is comprehensive and covers all areas of life and it brings goodness to other ideas other than Islam. To achieve that goal Islam has taught its followers to start thinking by placing God's pleasure as the ultimate goal.

B. Trust

In accordance with the basis of thought based on the belief and belief in the existence of the Almighty to administer the whole universe, then all the work for Islamic thinkers and scientists is and should be based on the belief that what they do not only be judged by humans and creatures on earth but also creatures in the sky. All acts and practices will be judged and will receive a reward from Allah with a fair and equitable consideration. These beliefs are based on the Word of God which means:

"And I (Allah) created not the jinns and the people except they should worship to Me (Alone)." (Adz-Dzaariyaat: 56)

Strictly speaking, each of these jinn and humans is dedicated to worshiping Allah. That is to say, whatever is made by man, it must be his worship or himself/herself or his charity to Allah SWT. No matter if the business is a matter of seeking livelihood, developing a home, managing the education of children, himself or his family, regulating society's association, developing economics, trading, in struggle and jihad and in whatever good sleep or take care or in our eating habits all day, everything must be worship to Allah.

Allah has clearly described in His other words in surah Ali Imran verse 191 which means:

"Those who remember Allah (always, and in prayers) standing, sitting and lying down on their sides, and think deeply about the creation of the heavens and the earth (saying): 'Our Lord, You have not created this without purpose, glory to You! Give us salvation from the torment of the fire.’”

C. Practice

Islam is often mistaken for the mistakes made by Muslims themselves. The world’s population includes those who practice Islam often make Muslims a measure or benchmark against Islam while Islam has provided a clear guideline on the ways one should lead life. When the practice of Islam is not entirely in accordance with the guidelines passed through the Qur’an and As-Sunnah, then there are errors and mistakes that deface Islam, while Islam is not defective.

That is why Prophet Muhammad PBUH has been instructed in his Hadith which means:

"I leave you two things that you will not go astray forever as long as you hold fast to both. The Book of Allah (Al-Qur’an) and my Sunnah.”[7][8]

As a result of not following the Qur’an and the Sunnah correctly and completely then Muslims today have lost their power, lost dignity and self esteem and lost almost everything. Beliefs of Muslims to Islam have diminished and disappeared. It is no longer the basis of their practice, and they are drifting away with the evil things that are increasingly eroding the spirit of Islamic practice within themselves.

As a religious-minded employee, we need to realize that the day for all of us who are always working to work or obey God's commands so that we can work in this world. Islam
teaches us that this world is the place for us to practice, to cultivate while in the hereafter is the time when we are to harvest the results. Therefore all work can be worship.

Allah has spoken in the Qur'an, surah al-Baqarah verse 21 which means:

"O mankind! Worship your Lord (Allah), Who created you and those before you, so that you may become al-Muttaqin (the pious)."

This appeal calls upon all peoples regardless of the Muslims, the believers, the disobedient or the disbelievers. In short, every human being is required by God to worship Him. Anyone who worships Allah means simply devoting himself or giving his help to Allah SWT alone.

As the Almighty, Allah SWT demands from every human being to always, at all times and when giving worship and charity to God. Therefore, we must know how we are to fill our efforts and our endeavors so that it becomes our worship of Allah SWT. Ibadah is divided into three: basic worship, and second is ibadah furu' (branch) which is the main practice and the third is general worship.

Basic worship is the main and important worship; included are the six pillars of faith and the five pillars of Islam. The law is fardhu ain that every person is obliged to believe and do good to him. Without basic worship one does not believe. Ibadah branch or furu' is related to fardhainull 'charity (main practice). Among them are dhuha prayers, wishing prayers, prayer of tahajjud, certain dhikr and others.

While public worship includes all of our life activities that we do every day. Starting from our self-regulation, our wives, hometowns to educational matters, administering universities, economics, society, politics, to the problems of domestic and foreign. If we can think all events as Allah wills, then it will be a worship that we will be rewarded. On the contrary, if we neglected to organize our live not according to the Shar'i'a, we are losing.

The fact is whatever work we do is worship, hence, it must follow five conditions. When each of our works met the requirements of these five conditions, then it will be accepted as worship, as a charity and as a devotion to our Lord. The followings are the five conditions:

1) Intent must be good
2) Acts must be made legally/halal by sharia
3) Implementation must be correct
4) The ends must be correct
5) Not leaving the basic thing (basic worship).

Islam also calls on us to do all our work with sincerity and get the best results in any kind of righteous work we do.

"Verily, Allah loves the work of His servant who is sincere." (Narrated Abu Daud)

Observing this calls, Muslims are the ones who are justified in the future, more diligent and more diligent in doing their jobs because there besides being part of the world's prosperity, it is also a charity that God loves and earns the reward when doing so. On the contrary what we can see, non-Muslims despite the fact that there is no bond between them with the hereafter and the question of sin and reward, but they are diligent in working, diligent efforts to be able to prosper the world with what they want.

That is why in order to study, convey knowledge, manage the institutions of knowledge, including preaching to mankind in Islam or whatever our work, even in any area of our career, everything must be focused on seeking God's pleasure. Based on this view, every Muslim worker needs to ask, "How far have we done the work and charity in this world with the best, even how far have we been doing the work diligently, is it done simply because it responds The command of God and hope for his blessings?"

D. Key Objectives Of Shariah (Maqasid Shari‘Ah)

Islamic law is the Islamic law and regulation that governs the whole of human life joints, whether 'Muslim' or 'not Islam'. Besides the laws and regulations, the Islamic Law is also a problem solver throughout the whole life. To Muslims, Islamic Shariah is the most important and comprehensive guide and perfect for all the problems of human life and the life of this world. God's word s.w.t which means:

"On the whole We make thee (O Muhammad PBUH and lead thee) to carry a way full of the laws of religion; So follow it and do not follow the lusts of those who do not know." (Al-Jathiah: 18).

This verse shows that God has made for Prophet Muhammad PBUH. And his people, clear paths of religious affairs.

Ibn 'Ashur (1366H) argues that Maqasid al-Shari‘ah in his general concept is "the understanding and the secrets that can be understood from the Islamic syariah in whole or in part his process of conduct." Alal al-Fasy (1966) And the secrets of the law determined by Islamic law. According to ar-Raysuniyy (1995), the simple explanations of Ibn 'Ashur and al-Fasi can be summarized as "the objectives determined by the shari'a to be achieved for the benefit of mankind".

The main objective of this Syariah has been merged into five main elements:

• Maintain religion
• Maintain the safety of life and body
• Maintain purity of mind and sanity
• Maintain honor, dignity and heredity
• Maintain ownership and management of property

E. The Need For Islamic Management

Muslims believe in the truth of Islam. Islam has a great and reassuring history. However, due to the incidents the Islamic world experienced the beginning of the 12th century, Muslims have failed to produce something significant to the human life. Hence, Islam continues to be underestimated by the world's people until Islam re-emerged in the twentieth century. The century which saw the rise of Islam with the development of Islamic movements and the rise of Islamic
science around the world began to be seen and given attention by the world community. The Islamic Financial System has begun to be accepted and practiced by Islamic and non-Muslim communities in the East and West. This positive development needs to be utilized and fully mobilized by Islamic thinkers and Muslims entirely to rise by introducing and bringing new ideas that further guarantee the continuity of human nature. The Islamic Management System needs to be introduced as it is important to Islam and the Muslim world as well as human beings as complementary to all existing systems and as an alternative to those seeking a system that can bring prosperity to life.

Islamic approach to management is a new discipline in modern education referred to as Islamic management. It sees organizational management from the perspective of knowledge derived from revelation i.e. the Qur'an and the Hadith that results in the implementation in line with the beliefs and practices of Islam.

**F. Why Islamic Management Introduced**

Islamic management should be introduced for the following reasons:

- A process for putting Islam as a complete and comprehensive way of life.
- Strengthen the search process of knowledge especially among Muslims.
- Strengthen the mindset of the home so that it is supported by true Islamic thought.
- Liberate the minds of human beings from various thought and theories that are incompatible with the values and principles of humanity.
- Providing an enhancement space because conventional approaches have many disadvantages because they often split between theory and local cultural values.

**G. The Source Of Islamic Management Knowledge**

The main source of knowledge of Islam is from the revelation of the Prophet. The Islamic community today refers to the Qur'an as the main source of reference. This original source was translated, reviewed and scrutinized by the Prophet Muhammad's Hadith which became the second source of Islamic sources of knowledge.

These two sources are then discussed and discussed by experts of Islamic knowledge with additional sources such as ijma 'and qiyas finally forming the basis of law known as the Usuul (Usuul) and the rules of fiqh (Qawa'id). Both with specific rules in Islamic science are core in discussing the entire knowledge in Islam which includes various fields including devotion, management, administration, economy, social and business.

**H. The Teaching Of Islamic Management Knowledge**

There are many new challenges that managers need to face in this era of globalization today. Challenges of global warming management, environmental protection and development, human rights, borderless relationships, e-commerce, cross cultures, ethical philosophy and more that require management teams to deepen ethical and social responsibilities in performing daily tasks.

Too many ethical theories and philosophies practiced throughout the world today. Among them are Kantian philosophical traditions which assume that individuals (and organizations) have a responsibility based on a set of core moral principles that go beyond the narrow self-interest. Among the many philosophies practiced today include Aristotelian virtue ethics, Utilitarianism and Eastern Philosophy [9].

Islamic scholars need to show how Islamic management is able to introduce its ethical principles and responsibilities by taking into account Western beliefs and holdings without the need to confront them. We need to point out that ethical philosophy in Islam is the best and most complete. We must also point out that all the philosophies of the West have been encompassed in the ethical and ethical philosophy of Islam. As an example of the concept of Islamic management based on ‘Ubudiyah, Masuliah and Itqa'n (UMI) should be explained to students who do not have the opportunity to study in conventional management lectures.

The concept of ‘Ubudiyah emphasizes the nature of man as servant of Allah. Therefore every human deed and daily work should be in harmony with the sharia revealed by Allah. It is based on faith and taqwa to Allah. Cognition is the principle of trust and responsibility. Every human act and occupation is related to religion and involves the question of sin and reward. This principle emphasizes on the implementation of the task with full responsibility and accountability [10]. Itqa’n is the principle that emphasizes on akhlaq and righteous deeds. Every human being needs to be diligent, diligent and committed to the task. This will create good and excellent quality of work. It also involves a sincerity, or is called a quality work or we call it as itqan and it is from the teachings of Islam which this teaching will save people in the world and in the hereafter[10].

There are many other concepts, principles and principles of Islamic management that need to be learned. But the fact that too little of Islamic management is poured out and is taught formally in institutions of higher learning (HEIs) especially to students who are not in the field of Islamic science studies. While studying at the Islamic faculty for example, his students are not exposed to management knowledge. This greatly deters developmental knowledge. This has led to the fact that Islamic knowledge only lingered in the environment of religious majors who caused its beauty to be understood and enjoyed by other students outside the field of Islamic studies which were also less exposed to Islamic-based science. This can be seen and confirmed by the curriculum development for management and business studies programs as well as religious study programs in any IPT. Islamic knowledge is too small to be included in the curriculum of study and modern management science is very limited (if any) discussed in the classes of Islamic studies.

In the government’s attempt to introduce the Syariah Index, the country has been facing difficulties in gathering those who have expertise in both fields. An Islamic academician
specializing in management has a very limited knowledge of the fundamentals and policies of Islamic management. The lack of reading material in Islamic management also makes it difficult for academics and students to gain knowledge to understand the systems and characteristics of Islamic management. If so, those who write books and papers or articles related to management in Islam are comprised of those who attend formal education in conventional management lectures. They boast themselves in writing these papers and publications with very limited abilities. But it is feared that the views expressed in the writing are inaccurate with the method of Islamic knowledge. This situation is further complicated by the lack of discourse and criticism of these publications by experts from both fields: Islamic studies and management studies.

IV. CONCLUSION

An effort needs to be done and the government itself through the Ministry of Education should understand the importance of Islamic management to all students, Muslims or non-Muslims. This subject shall be taught in schools and lecture rooms. This is important to ensure graduates understand management from the Islamic side and to ensure that Malaysia does not lack expertise in this area. The need for experts and knowledgeable people to help the government provide experts to support efforts to ensure Malaysia is a center of excellence that emphasizes the education of Islamic Management and everything related to Islamic knowledge.

The Ministry may provide guidelines for Islamic Management subjects to be included in the curriculum of study at the Faculty of Management, Economics or Business and to incorporate management, business, and Islamic Management courses at the Faculty of Islamic Studies. In addition, seminars, discourses and discussions between different faculties a Nurhafilah Musa (2014). Penerapan Konsep Mas’uliyyah dan Amanah dalam Pentadbiran Awam ke arah Bersih Rasuah - Kajian di Majlis Perbandaran Kota Bharu-Bandaraya Islam.nd organizations are conducted more frequently and shall be encouraged. This is to enable these faculties to provide more open space to assimilate to fill the present cascade due to the differentiation of orientation.

Government offices and other organizations may organize seminar, discourse and workshop for their staffs to learn about Islamic Management. This encouragement can only be materialized if it becomes a policy. Only with clear policies in schools and close collaboration between all faculties and schools will be possible in producing a more integrated and complete curriculum. Only with enough knowledge of Islamic management will bring graduates back to nature, people will know their self and their nature. In this way, it is expected to curb misuse in corporate governance and governance as well as to make them ethical employees, managers and entrepreneurs with integrity.

REFERENCES