Integrating the philosophy of Tawhid – an Islamic approach to organization.

Murray Hunter
Universiti Malaysia Perlis (UniMAP)

Introduction

World events and media portrayal of Islam over the last few decades has projected negative images, which are based on a total misunderstanding of Islam and the principals it encompasses. Predominantly, Islam through many eyes is seen as a homogenous view of the world, where many elements of the media have stereotyped it as an extreme religion. This situation has not been assisted by the lack of published academic and intellectual thought, which could assist in developing more balanced views about what the principals of Islam stand for. The focus of most published works on Islamic economics and business has been in the domains of finance and morals, which leads most to the conclusion that Islam has little to contribute in the theories of economics and business.

The first and most comprehensive model of Islamic economy in modern times was published by Dr. M. Umer Chapra in the early 1990’s. His hypothesis was that existing economic models of capitalism, Marxism, socialism and the welfare state have failed to provide full employment, remove poverty, fulfill needs and minimize inequalities of income distribution. Both the market and centrally planned models have been weak in providing overall wellbeing, where problems of family disintegration, conflict and tensions, crime, alcoholism, drug addiction and mental illness have indicated a lack of happiness and contentment in the life of individuals. Dr. Chapra stated that a new system needs to be considered which could optimize human wellbeing and presented an Islamic model of economy, which never been tried or implemented in any world economy and has potential to solve common economic problems due to the overall humanitarian goal of achieving the wellbeing of all members of society.

Dr. Chapra in an on-line interview was very critical of the development of Islamic economic and business theories claiming they were unbalanced in their approaches. He was reported to state that “Primary attention has been given so far to Islamic Finance. This has led to the false impression that interest-free finance is all that Islamic Economics has to offer. Since most of the governments in Muslim countries are not yet convinced that interest-free finance is workable, excessive emphasis on it has created a resistance in official circles against Islamic Economics. They find it to be of little value. This is unfortunate. We must blame ourselves for this. Islam is a complete way of life and is capable of solving the problems of not only Muslim countries, but also of mankind.” In the same interview Dr. Chapra said that it was the responsibility of Islamic intellectuals to show how Islamic economics could solve the socio-economic problems that humankind faced. This is in great need because there is a distinct lack of theoretical and empirical analysis to show that an Islamic strategy can help solve economic problems, particularly with the current state of the Islamic world, where there is decline in moral values, exploitive financial systems, illegitimate governments, landlordism, lack of education, absence of justice and ineffective operation of incentives and deterrents. Dr. Chapra believes that there is great repetitiveness in what is written about Islamic economics which is not serving any cause. An Islamic alternative needs to be spelt out, which can only really be done after the real position in Islamic countries is analysed, i.e., how individuals, families, firms and governments actually behave, so the gap between ideals and reality can be measured and Islamic remedies developed.

The message of Islam forms its basis from the Al-Qur’an, which is the direct word of Allah (S.W.T.). The Hadiths are documents made up of lessons taken from the life of the
Messenger Muhammad (S.A.W.), written down by a number of apostles, which put the knowledge from the *Al-Qur'an* in both context in which they were revealed and assist in developing a general and universal significance\(^7\). Without the *Hadīth*s many important aspects of Islam would not be known today and the *Al-Qur'an* would be at the mercy of those who misinterpret it\(^8\).

**Need for an Islamic Model of Business**

To date "The fanaticism and prejudice for Western managerial systems have also, among other things, veiled the relevancy of Islam as a model of management, as well as generating a cynical reaction that the Islamic model existed in history and concept only, but never practiced in modern life, even by countries with a Muslim Majority\(^9\). Islamic scholars argue three main reasons for the need to develop and implement an Islamic business framework;

1. The nature of man: Man has both the potential to rise to great spiritual heights and also disintegrate into total immorality. Man’s ability to act rightly or wrongly is a matter of moral choice. Under the Islamic viewpoint, man’s purpose on earth to carry out *ibadah* (relates man to Allah {S.W.T} through spiritual acts)\(^10\) and follow God’s will with total devotion, according to his natural disposition (*fitrah*); where everything fits into the divine pattern under the laws of Allah (S.W.T)\(^11\). Submission to the laws of Allah (S.W.T) brings harmony to man, however man was created with many weaknesses\(^12\), forgetfulness\(^13\), greed for material comforts and power\(^14\), is capable of oppressiveness and ignorance\(^15\), is rash and impatient\(^16\), stringy and miserably\(^17\), ungrateful\(^18\), quarrelsome\(^19\), ruthless\(^20\), and full of self interest\(^21\), which can easily lead him astray.

2. The amoral society: General society has become amoral and lapsed in faith, believing that truth and reality is based on what can be touched, smelled, seen, heard and tasted. This has lead to a society that has become materialistic and less spiritual. This absence of spirituality is leading business into immoral activities such as stealing, lying, fraud and deceit, making people believe that they cannot succeed without pursuing the same practices\(^22\).

3. The underdevelopment of Islamic societies: Approximately 80% of the World’s Muslims live in poverty, as cultural minorities in other countries, with high incidences of unemployment and low productivity\(^23\). Countries with majority Muslim populations, are declining in their knowledge generation, research, innovation and educational standards\(^24\), have a generally a lower life expectancy, higher illiteracy rates, lower GDP per capita rates with the majority of people living in fragile and non-arable lands, poorer infrastructure and water supplies and a larger number of dependents than the non-Islamic World\(^25\). Islamic GDP as a percentage of total World GDP is estimated to be only 45% of what it should be, in order to be on par with the rest of the world\(^26\).

The basic Islamic principals and their interrelationships are shown in figure 1. below.
The *Al-Qur’an* was revealed to the Prophet Muhammad (SAW), who was born into a trading family and brought up by Abu Talib, who was a trader. Society in the Prophet’s time was almost totally dependent on trade as a means to earn a living and unlike any other religion, the *Al-Qur’an* is heavily written in the metaphor of business and trade. Within many parts of the *Al-Qur’an* life is paralleled to a business venture, where one earns profits to gain entry into heaven – profits meaning faith and good deeds to others and those that accept Allah’s (SWT) guidance as a bargain to save them from punishment on judgment day. Islam urges individuals to strive their utmost to earn large monetary rewards and spiritual profits, while at the same time being inspired to be successful and honest people. This is part of the concept of *ad-din*, which makes material and spiritual pursuits inseparable, where one’s whole life is concerned with the needs of humankind here on earth to secure a comfortable life in the Hereafter. Consequently, Islam does not prohibit worldly success, in fact *Allah* (SWT) has provided opportunities for humankind to obtain success and it is certainly the responsibility of the individual to do so. However involvement in business should also carry with it benevolent intentions for others while seeking success for oneself.

Islam espouses a market economy with freedom of the individual to operate a business with minimal outside interference;

"He who brings goods to the market is blessed with bounty, he who withholds them is cursed."
A market mechanism is urged with free flowing knowledge without exploitation by middlemen;

“Do not chase after those who are going to the market before they reach the place.”

Islam also prohibits price manipulation;

“Anyone who withholds goods until the price rises is a sinner.”

Thus Islam espouses that free trade is a major factor in the enhancement of living standards of the general community, subject to some constraints on business in the interests of the wider community.

Central to Islam is Tawhid “…a man’s commitment to Allah, the focus of all his reverence and gratitude, the only source of value. What Allah desires for man becomes value for him, the end of all human endeavour.” Tawhid is the Islamic way of life, the fundamental of all Islamic civilization, which is process, means and end together. Tawhid is both the essence of the individual and the society he or she lives in. Tawhid is acceptance of one creator and His divine guidance of humanity. Tawhid implies both the mission and morality of humankind in both social and spiritual contexts.

Mankind’s responsibilities under Tawhid fall into two categories, fard’ain which is an individual’s obligation to perform his or her religious duties and fard kifayah, which is an obligation for man to serve the entire community, through services to each other, necessary for the community to live safely and comfortably. Thus the obligation to improve the Muslim Ummah (community) falls under fard kifayah, where undertaking business is the principal method of improving the economy and community;

“Be involved in business as nine out of ten sources of income lie in business”

Discussion of the Model Components

The building blocks of Tawhid are the concepts of al-iman (belief), al-ilm (knowledge) and al-amal (pious acts and efforts). Al-iman is the belief in the existence of one God and Creator, with a commitment to His teachings and revelations, revealed through the Al-Qur’an, and Prophets, through the Hadiths and Sunnah (What the Prophet Muhammad (S.A.W.) said, did, agreed or disagreed to). Our faith in Allah (S.W.T.) is reflected in our daily behaviour, influenced by our moral system formed and contained within us. It is our inner self;

“Faith is not expectations and not outward ornamentations, but implanted in the heart and realized through actions.”

Al-iman is deepened by al-ilm, which is the responsibility of all Muslims to seek in order to fulfill and perform al-amal. Knowledge (spiritual, wisdom and scientific) is the foundation of all acts of al-amal which would be futile and unproductive without the search for further
knowledge to enhance the wellbeing of society. Islam places great importance on scientific discovery, knowledge and wisdom to develop civilisation. Al-iman and al-ilim manifested through al-amal is the basis of the advancement of civilization for the benefit of humankind and the Ummah (Muslim community), in particular. This is undertaken under the principal of ad-din, mentioned above, which is referred to as ibadah.

In Islam a person, who of faith, knowledge and pious devotion, manifested in effort and acts, using reason and experience and adheres to the teachings of the Al-Qur’an and Prophets is a person of Taqwa, adhering to the philosophy of Tawhid. He is fulfilling his purpose on earth to perform ibadah to God, through obedience (ta’ah), which conforms to his true and essential nature (fitrah) of man. This relates man to God through everything an individual does, including spiritual duties, thoughts, actions and deeds to other people.

As man operates in a social environment, Islam prescribes a number of forms of business organization, through which his obligations can be fulfilled. A mushharakah can take a number of forms;

a) Mudarabah: Partnership where one manages the partnership and another supplies the financial support,

b) Shirkah: where two or more individuals pool financial resources and share profit and loss on an agreed ratio and held liable to the extent of their capital, and

c) Syari’ah: each partner is able to operate other businesses, independent of the principal business.

Such business organizations are founded and operated on the principal of al-ta’awun (mutual assistance and cooperation) among members of a society for both their mutual benefit and that of a society as a whole.

Islamic business is governed by the rules of syari’ah, the path by which all Muslims should follow. The syari’ah is the divine law that establishes the standards of justice and human conduct, as well as what is permitted and prohibited in action. The syari’ah is based on the Al-Qur’an, Sunnah and interpretations by Islamic scholars. Some Muslim scholars have stated that these standards are beyond human and are a goal or path of guidance, where others see these utopian ideals as mandatory for advancement of the community.

Central to the syari’ah are the concepts of halal and Toyyibat, which govern all the economic activities of man in wealth production and consumption of wealth, where certain means of gaining a livelihood are declared unlawful. Halal means lawful or permitted for Muslims, a concept that is much wider than just issues of food, concerning as to whether things are undertaken according to the syari’ah. Toyyibat is a much wider concept, meaning good, clean, wholesome, ethical in the Islamic concept. In nutrition, toyyibat is much wider than halal, as food must also be clean, safe, nutritious, healthy and balanced. Toyyibat would also mean that agriculture must be undertaken within sustainable practices, and in business that things are done with good intentions.

In Islam, the individual’s vision, mission and objectives in business is to achieve both success in this world and the hereafter. This is al-falah. Islam puts very little restriction upon the scale of worldly success, except specifying, it must be reasonable, provides the comforts of worldly life, with consideration to the poor and suffering, and within the balance of worldly and spiritual life. Mans success must also serve the legitimate needs of the ummah. This is in great contrast to the singular objective of profit maximization in contemporary business thinking.
Allah (S.W.T.) equipped man with the faculties of understanding right and wrong, so that he may obtain a bright destiny⁵⁹. Man has a free choice in what he chooses. Opposition and straying from his true nature (fitrah) will bring discord to the individual where negative attributes will distort his true nature, which could lead him into doing evil deeds⁶⁰. The individual has his al-iman and al-ilm to keep him from this path of self destruction (al-fasad), which would manifest itself through nepotism, favourtism, envy, greed, corruption, injustice and ignorance⁶¹. This in Islam is the influence of satan, manifested in many different ways to man to lure him away from God’s chosen path for him. Man becomes unfocused through ignorance and lack of knowledge⁶².

Achieving al-falah means that man has lived up to God’s trust placed upon him, through performing his ibadah, while obeying all the laws of the syar’iah. This is where man has overcome his weaknesses in the service of Allah (S.W.T.) through righteous deeds (amal), in his obligation of fard kifayah. Man has reached the state of amanah, fulfilling the trust God has put in him⁶³.

Islam also specifies the way organizations should be operated and managed. As discussed, an organization must base all its work on al-amal and ibadah with the overall management objective of achieving al-falah for the organization as a whole and each individual within it. This is based upon a foundation of al-iman and al-ilm, within a civilization based upon a tawhid philosophy, so that employees have the opportunity to achieve taqwa and avoid straying towards the state of al-fasad. Central to achieving this are the concepts of shura (participation in decision making and community learning) and adab (justice and rights).

Shura is total organizational community participation in decision making to ensure an organization gets the best views, is creative, to develop employees understanding of decisions made, to achieve better implementation of decisions and strengthen the Islamic fraternity⁶⁴. Shura is can also be seen as a organizational control mechanism to prevent management and individuals within the organization from straying down the path of ignorance, greed and oppression⁶⁵, so that the organization can continue to serve its members and the wider community and thus sustain itself. Shura creates a positive learning environment within and organization, similar to the concepts of learning organization discussed later in this section. The Al-Qur’an states that the concept of shura is mandatory upon an organisation⁶⁶.

An organization should build its foundations upon the basic principals of human rights in its administration based on the concept of adab. Adab is based on the existence and recognition of Allah (S.W.T.) and recognition of his commands and laws (syar’iah). Within an organizational context, adab persuades man to do good and avoid evil (al-fasad), in accordance with the nature of man (fitrah) and nature of his action (al-amil). Adab comprises four major responsibilities, 1. responsibility to God, 2. responsibility to oneself, 3. responsibility to society and other human beings, and 4. responsibility to the universe and other creatures⁶⁷.

Discussion and Conclusions

Over the last few decades Western management ideas and ethics have moved closer to Islamic principals and ethics. Stephen Covey, a devout practicing member of The Church of Latter-Day Saints, evangelistically preaches personal development, fulfilment and spirituality within the context of the organisation. Covey’s first book The Seven Habits of Highly Effective people set a standard of highly ethical and humanistic principals that all individuals should strive for in business⁶⁸;

- Be proactive as this will develop the ability to control one’s environment, rather than be controlled by it, as is generally the case.
• Begin tasks with the end result in mind, avoid distractions and concentrate only on relevant activities, which will make you much more productive,
• Organise correctly and undertake the most important tasks first in a step by step approach,
• Look for win-win strategies so that all benefit,
• Listen to people first and understand them before you try to make them understand you, which will assist in maintaining positive relationships with people,
• Look to develop synergy between people which will develop a better outcome, greater than what individuals can achieve working by themselves, and
• Continually seek self-renewal, spiritually, mentally, emotionally, socially and physically.

Covey’s book sold over 15 million copies and launched him on a career of consulting to many of the top Fortune 500 companies. Covey built a training and consultancy company which has over 12,000 direct facilitators with curriculum materials translated into numerous languages. Covey’s organisation has also developed pilot programs with cities wishing to become principal centred communities. Covey’s set of life rules is not without their critics who claim his ideals are too idealistic and difficult to implement as well as being seen as a quick fix approach. However, this does not detract from the extremely large following of devotees to Covey’s methods growing around the world. There are similarities with Peter Drucker, Dale Carnegie and David Allen in the approach. Dale Carnegie’s work is also on the rise again in popularity and consequently, corporations are taking notice of the importance of employee personal growth within the corporate environment.

The ideas of empowerment continued through the 1990’s with observable changes in the ways corporations set up their internal structures. Ratios between employees and supervisors decreased dramatically and support staff in offices also decreased dramatically with executives doing their own typing, photocopying, etc. Secretaries were replaced with assistants who became involved in the managerial work itself. One cannot forget that there were other factors like the development of information technology and need of firms to cost cut staff to cope with the downturns and recession in the economy during the early 1990’s. Corporations with information technology could, where before they could not decentralise decision making and operate with less middle management. With some scepticism, one could come to the conclusion that the concept of empowerment, an espoused word in corporate vocabularies, was either misunderstood or mis-practiced, intentionally or unintentionally. However, continuing along the lines of Argyris, McGregor, Kanter and others, Quinn Mills and Bruce Friesen espoused empowerment as something far beyond management delegation but as a management style. Although there is more than fifty years of management thinking supporting the philosophy of empowerment, it still remains to be seen whether it is a fad or substantial change in the way management does things.

Peter Senge is the Director for Organizational Learning at the Sloan Business School at MIT in Boston. He was one of the high profile academics during the 1990’s and propelled the concept of Learning Organisation into the management vocabulary. Senge defines the learning organisation “where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together”. Such organizations according to Senge will be able to face the rapidly changing environment with flexibility and adaptiveness, driven by peoples willingness and capacity to learn at all levels. However current organization structures and form are not conducive to learning and people although having great capacity to learn, do not have the tools needed.

Senge believes that people want to be part of something bigger than themselves to grow and this is where they have opportunities to ’re-create’ themselves. The prevailing method of learning in organizations is adaptive learning focused on survival, but for a learning organization there must also be generative learning, organizational learning disabilities can be overcome. Generative learning requires a mastering of five disciplines;
- **systems thinking**: seeing the world and events as a whole, where forces behind them are related. This helps us to see relationships and helps us to see how to change things effectively with minimum effort, i.e., to find **leverage points** in the system.
- **personal mastery**: the process of continually deepening and enriching our personal visions, the focusing of energies, developing patience and seeing reality objectively.
- **mental models**: are unconscious metaphors of how we see things, which influence how we act. If we can understand how we see things, we are in a better position to see reality more objectively.
- **building shared vision**: to develop a shared picture which will create commitment, rather than just compliance by individuals, and
- **team learning**: is the ability of the group to rid themselves of their assumptions and begin to think together. This must be done openly without anyone trying to win.

These disciplines can be focused towards seeing wholes, rather than parts, seeing people as active participants, rather than helpless reactors and to creating the future, rather than reacting to the past.

Senge and his team spent many years developing this process. However companies found it extremely difficult to implement as managers were unwilling to give up power, organisations didn't give enough flexibility and authority to staff, individuals were weary about taking on the responsibility, managers and employees just simply didn't have the skills and the process was undermined by organizational politics, something which is not directly tackled in Senge's process. Learning organizations are fundamentally different from authoritarian organizations and it was beyond management to let go and make these radical changes. Learning organization is not a **quick fix** as many had assumed, but a daunting task requiring exploration of individuals performance, personality and ambitions in life, something beyond many peoples willingness to commit to. There are few organizations that resemble Senge's model and while business wants to develop long term growth and stability, their focus is on enhancing brand recognition and status, intellectual capital and knowledge and product development and ensuring production and distribution efficiency, and solid financial returns. There have been many suggestions that Senge's model is just too idealistic and perhaps ahead of its time because of its revolutionary approach and that it will take people to really make a commitment to organizational life in new ways. In 1994, Senge with his colleagues published the **fieldbook** providing more ideas and suggestions about how to develop the process of learning organization.

The above Western management 'gurus' have had great impact upon the corporate world and way management is taught at business schools. One can also see that Senge's philosophies are not much different from the Islamic concepts of management espoused earlier in this paper. In the world where 20% of the population follow Islam, there is little evidence that Islamic management principals are practiced in Islamic countries of South East Asia. Ironically, unlike the 'West', Islamic Scholars, in agreement with Brother Umer Chapra's Observations have not agreed due to various interpretations of Islam to a universal Islamic business model for the Islamic World to embrace and espouse. Western management scientists have taken the initiative on similar principals that were laid down in the Al Qu'ran and Hadiths, more than 1500 years ago. Indonesia, Malaysia and Thailand are developing Halal food hubs without taking into consideration the underlying Tawhid principals to make these proposed hubs holistic in their approach to Islamic business. Our hope lies in the education sector, where the need to train new entrepreneurs is on the top of the agenda in this region. Here is where the opportunity lies to train new entrepreneurs within the Islamic paradigm, which appears consistent with new 'Western' management philosophies. Research is required to prove to our ummah, that Islamic management principals are in their best interests and will correlate with Al-Falah, their success. One can see some hope that the setting up of a number of new courses in Islamic business in both Malaysia and Thailand is a step in the right direction, but an Islamic management model must be fully developed, researched and debated, and finally taught in a secular way to inspire it's practical use in the business world.
7 Al-Qur’an (3:164)
10 Al-Qur’an (51:56)
11 Al-Qur’an (30:30)
12 Al-Qur’an (4:28)
13 Al-Qur’an (20:115)
14 Al-Qur’an (102:1-2)
15 Al-Qur’an (33:72)
16 Al-Qur’an (17:11)
17 Al-Qur’an (17:100)
18 Al-Qur’an (17:67)
19 Al-Qur’an (18:54)
20 Al-Qur’an (70:19-20)
21 Al-Qur’an (4:128)
27 Al-Qur’an (35:29), (26:207), (17:82).
28 Al-Qur’an (2:164)
29 Al-Qur’an (5:3)
30 Al-Qur’an (2:168)
31 Al-Qur’an (14:32-34)
32 Al-Qur’an (24:37)
34 Al-Qur’an (2:170), (43:22-24), (7:28-29).
35 Al-Qur’an (22:77)
36 Al-Qur’an (2:275)
37 Al-Qur’an (17:36)
38 Al-Qur’an (92:4), (29:69).
40 Al-Qur'an (31:20)
41 Al-Qur’an (35:28)
42 Al-Qur’an (51:56)
43 Al-Qur’an (2:21)
49 Amin, M., (1965), Wisdom of the Prophet Muhammad, Lahore, Pakistan, Sh. Muhammad Ashraf.
51 Al-Qur’an (7:58)
52 Al-Qur’an (5:5), (2:168)
53 Al-Qur’an (2:198)
54 Al-Qur’an (7:31)
55 Al-Qur’an (25:67)
56 Al-Qur’an (22:77)
57 Al-Qur’an (3:1-2), (4:125)
58 Al-Qur’an (6:132), (16:97), (16:93)
59 Al-Qur’an (90:8-10)
60 Al-Qur’an (30:41), (103:1-3)
61 Al-Qur’an (33:72)
62 Al-Qur’an (2:169)
63 Al-Qur’an (33:72)
65 Al-Qur’an (42:36-40)
66 Al-Qur’an (3:159)
68 Covey, S., R., (1990), Principal Centred Leadership, New York, Free Press.
71 Ibid. Ch. 2.
74 Hutton, W., (1995), The State We’re In, London, Jonathan Cape.