

THE UNIVERSITY OF HULL

**A Critical Study on the Possible Implications
of Islam on Management Theory and Practice.
A Case Study of Two Organizations in the Middle East**

**Being a Project submitted in partial fulfillment of
the requirements for the Degree of Doctor of Business Administration
in the University of Hull, UK**

by

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Glossary of Terms

- Abdullah (adj.): servant of God. Besides his being a trustee of God (khalifa, see below), man is also a servant of God. This puts all men equal in rights and duties.
- Adalah (noun): justice, balance, fair treatment, avoidance of excess.
- Amanah: honesty
- Birr: caring justice
- Haram (noun): Any act or behaviour or product that is not compatible with the principles of the Shariah e.g. stealing, manipulating, drugs...
- Ibadah (noun): act of worship, and from this noun also derives the adjective Abdullah (see above). In the view of Islam, every action can become an act of Ibadah if it is preceded by the right intention and serves to promote the purposes of the Shariah (Maqasid, see below).
- Itqan (noun): Perfection, excellence in performance.
- Khalifa (adj.): trustee. Man, in the view of Islam, is God's trustee in life. Whatever man has or owns is a trust, which he has to manage in accordance with the precepts of the Shariah. Therefore, wealth is a trust, even one's body is a trust which should not be harmed by anything that is considered haram (see above).
- Khilafa (noun): It is the state of man being in the position of God's trustee i.e. khalifa (see above).
- Maslahah (noun): Public interest. Any individual action needs into account interests of the public.
- Maqasid Al-Shariah (noun): The purposes of the Shariah i.e. the fundamental rights that the Shariah safeguards for each individual person, be them Muslims or non-Muslims living in Muslim land. The Maqasid are five:
 1. Din (faith)
 2. Nafs (self)
 3. Aql (intellect)

4. Nasil (posterity)

5. Mal (wealth)

All five principles are inter-dependent such that safeguarding one while ignoring the others creates an imbalance in the social order.

- Mu'azarah: team work with care.
- Shura (noun): participation in action and consultation with others before decisions are made.
- Taqwa: conscientiousness
- Tawhid (noun): Belief in monotheism, that there is only one God, the Creator of the universe and to whom all creation returns on the Day of Judgment.
- Ummah (noun): Muslim nation. The concept of the Ummah transcends the limited view of the community or society. The Muslim nation is seen as a vibrant network where each part echoes the others and stands in support of them.

Chapter One

Introduction

1. Context of the Study:

This study is positioned within the general field of comparative management studies and international human resources studies. It specifically addresses the issue of the impact of particular worldviews and thought systems on management thinking and organizational behaviour. Through an empirical research in two selected organizations in the Middle East, the study explores the possible implications of the Islamic worldview on management thinking and practice.

The Middle East has been, and still is, the focus of attention and debate in the context of international politics. The majority of the Middle Eastern countries are classified as under-developed countries with the exception of a few that are considered as developing countries (World Bank, 2007).

It is the contention of this study that management solutions and tools will positively impact institutional reform and achieve a more meaningful and sustainable development in the Middle East, if they are based on the worldview and belief system of the people in this region. In the case of Islam, it is seen by its followers as a moral regulator and a strategic guide for ethical management relations and practices. The majority of people in the Middle East adhere to Islam as a religion and a way of life. The core values and ethical conduct that organize people's lives stem from the foundational principles of Islam, though not all Muslims in the Middle East can be classified as practicing Muslims. Social, economic and legal institutions are based on the major principles of Shariah with the exception of the banking system, as not all Muslim countries abide by Islamic modes of banking and finance.

Much research has been written on the relevance of the Muslim worldview to institutional reform and social and economic development of the Muslim countries (Chapra, 1993; Sardar, 1985; Sachedina, 2001; Al-Faruqi, 1986, 2000; Nasr, 1981; Ibrahim and Hakim, 1996; Qutb, 1991; Naquib Al-Attas, 1995). Ever

since the turn of the 20th century that started with the collapse of the Ottoman empire and the beginning of the colonizing movement of most Muslim countries, many Arab and Muslim thinkers have debated the reform of an underdeveloped Middle East and the need for a Modernist discourse to face up to the challenges of a modernized West. To add to the challenge, the West has created an "imaginative geography" where the East is always the Other that needs to be subjected to the Western essentialism, which has taken its best form in colonialism (Said, 1978; 1981; 1993; 2001).

At the heart of the Arab and Muslim reformist discourse lies the issue of the relevance of the Arab Muslim tradition to modern times. One movement embraced the Western culture and civilization (Qasem Amin, Lutfi AlSayyid, Taha Hussein, and Hussein Heikel in Hallali, 2004). Another movement called for political action best epitomized in the Muslim Brotherhood movement (Hassan Al-Banna in Hallali, 2004). A third movement called for institutional reform based on the Islamic value systems and the modern Western advances in science and technology (Iqbal, 1968). During the early eighties, a new movement called for an Islamization of knowledge which is essentially a reconstruction of modern human knowledge and its interpretation in accordance with the Islamic worldview (Al-Alwani, 1996).

A major feature of the Islamic reformist discourse, in its various forms seen above, was its reliance on individual efforts rather than an institutionalized, collective and integrated project (Hallali, 2004). The last three decades have witnessed an emphasis on the importance of institutions and the relevance of the normative aspects of the Muslim religious thought system to modern challenges (Chapra, 1993; Sardar, 1985; Sachedina, 2001; Al-Faruqi, 1986, 2000; Nasr, 1981; Ibrahim and Hakim, 1996; Qutb, 1991; Naquib Al-Attas, 1995). Nancy Davis and Robert Robinson (2006), through an empirical research in seven Muslim countries argue that the Islamic Shariah promotes a communitarian society governed by economic justice and encourages the establishment of institutions that meet the larger community needs, and is as such in line with Moral Cosmology theory.

While the reformist discourse has argued for the relevance of the Islamic worldview to the revival and development of the contemporary Middle East, a

parallel movement has focused on the relevance of Islam to management thinking and human behavior in organizations. It is based on the premise that organizational development programs need to be grounded in the worldview of Islam if they are to lead to sustainable results, and make sense to the local people and communities that adopt them (Al-Banna and Al-Anani, 1982; Al-Burai and Mursi, 1995; Al-Omar, 1999; Beekun and Badawi, 1999). Some international writers have argued along the same lines (Mellahi and Budwhar, 2006; Metcalfe, 2006). This research is in line with contemporary cultural studies in international human resources management that argue that national business systems and country specific values shape management thinking and strategy (Sparrow, 2004; Hofstede, 1980; Trompenaars, 2000). Of particular significance is the fact that this research is conducted in Saudi Arabia*, which is considered by all the Muslims worldwide as the heart of Islam, the cradle of the revealed word i.e. the Quran, and the host of the two holy cities, Makkah and Medina.

It is in the context of this debate on the relevance and implications of the Islamic worldview to organizational management that this study is located. Hence the need to unravel the relevance of its foundational concepts to management practices. This is so because any real hope for the development of the region will have to put the human resources development at its centre of attention.

* In Saudi Arabia, the predominant school of thought is the Hanbali. In Sunni Islam, there are four major schools of thought that constitute four approaches to a number of rulings especially related to religious practices. These schools are: the Maliki, after Imam Malik (...century); the Shaf'ii, after Imam Al-Shaf'ii; the Hanafi, after Imam Abu Hanifa; and the Hanbali, after Imam Ahmad Ibn Hanbal. These four schools of thought are spread across the Muslim world. However, the differences are limited in such areas as prayers, pilgrimage and commercial transactions.

2. Objectives of the Study:

This study has two objectives: the first is to explore the implications of the Islamic worldview for management thinking and organizational behaviour. More specifically, the study focuses on the impact of people's belief system, their value system and their sense of purposefulness on the dynamics of their daily interactions and behavior. As such, the study falls within the general Arabic Muslim scholarship that has attempted to ground management theory and practice within an Islamic philosophy.

The second objective of this study is to contribute empirical data to contemporary research. Most studies on the implications of the Islamic worldview for management thinking and practice remain theoretical. This empirical data is expected to add to the body of knowledge in the field of international human resources and organization studies. This study is conducted in the context of contemporary Middle East management research and practice. It includes a critique of management research written by Arab Muslim writers and takes two organizations in Saudi Arabia as a case study.

3. Structure of the Study:

The study is structured into six main Chapters. Chapter One constitutes of the Introduction that sets the context of this study and its objective. Chapter Two constitutes of the literature review. Here, I present a critical analysis of the context of this research i.e. the Middle East and the present economic, social and cultural situations. The overriding theme in this analysis is the need for institutional reform that will help the region move from away from its current underdevelopment situation. Here, I argue that institutional reform in the Middle East will achieve far reaching and more sustainable results if it is grounded in the worldview and value system that is deeply embedded in the social and cultural fabric of this part of the world.

In Chapter Three, I present a critical analysis of the relationship of Islam to management thinking and practice. I start by exploring the modern reformist discourse in the Arab world and the debate of modernization versus westernization during the 20th century and the beginning of the 21st century. Then,

I discuss the relevance of Islam to management theory. In this context, I present a critical overview of the foundations of the Islamic worldview and their implications for management theory and practice.

In Chapter Four, I present the methodology that I deem most appropriate for this study. Since this study aims to explore the impact of people's belief system and cultural values on their behaviour in organizations, the qualitative methodology provides the right techniques to allow the respondents tell their stories from their perspectives and how their beliefs and values make sense to them. Here, I present my arguments for the relevance of the qualitative methodology, through the semi-structured interviews, to this research.

In Chapter Five, I present the empirical findings as a result of the interviews conducted in two selected organizations in Saudi Arabia and a critical analysis of their implications. As a result of the literature review and the analysis of the empirical research, I put forward a proposed Islamic Management Framework and a Diagnostic Pipeline for Organizational Effectiveness. The purpose of the Framework is to serve as a theoretical reference point for researchers on the implications of Islam to management. It shows how the major components of the Islamic worldview integrate to create a holistic approach to management thinking. These components have been summarized into five main elements: purposeful leadership, environment systemic awareness, internal culture audit, holistic human resources strategy, and strategy implementation.

The Pipeline, on the other hand, serves as a practical tool to measure the effectiveness of an organization. It shows how each of the five Framework components contributes to the overall organizational health and effectiveness. The five components represent the core of each of the five pipes in the Pipeline. The pipeline metaphor suggests that each pipe needs to be wide enough not to constrain the natural flow of the organization effectiveness. Efforts need to be channeled to make sure that all the five pipes are aligned in order to achieve balance overall.

Chapter Six summarizes the conclusions of the study and the implications for future research.

Chapter Two

Literature Review

I. The Middle East Context

1. Introduction:

The Middle East is without doubt at the center of international focus and concern mainly for oil and geopolitical considerations (Ali, 1998). Dealing with the Middle East can be a challenging task for Western and Far Eastern policy makers, cross-national companies, consultants and academicians.

People encountering the Middle East have become more aware than ever before of the subtle differences in thinking and worldview between their local cultures and the Middle East cultures (Said, 1981; 2001). One area that has become of crucial importance is management thinking because of its deep implications for decision making, people behavior in organizations, and business development across cultures (Ali, 1996). Many Arab writers during the 20th century and the beginning of the 21st century have argued for the necessity of management theory and practice that are embedded in the cultural specificities and value system of the region (Al-Banna and Al-Anani, 1982; Al-Burai and Mursi, 1995). Human resources theory and practice would be more meaningful when they reflect the indigenous heritage of a specific culture (Mellahi and Budwhar, 2006; Metcalfe, 2006; Al-Omar, 1999; Al-Ibrahim, 1988; Abu Sinn, 1984; Kanaan, 1985; Al-Jabiri, 1994; Beekun and Badawi, 1999; Al-Baqri, 1987; Al-Aliyy, 1985; Al-Dhahyan, 1986; Al-Talib, 1991).

The purpose of this study therefore is an attempt to add to this body of knowledge in the current research on management thinking in the Middle East. Specifically, the study focuses on how Islam, as a worldview and system of thought, can shape management thinking and people's behaviour in organizations.

In the first section of this Chapter, I outline the socio-cultural and economic context of the Middle East in order to contextualize the literature on the implications of Islam on management thinking, and the potential of an

Islamic-informed management framework on the institutional effectiveness, which eventually will contribute to the overall development of the region.

2. The economic situation of the Middle East

Today, the Arab world remains deeply paralyzed and unable to cope with the fast changing environment in which it finds itself (Said, 1993). The first Gulf War has further fragmented the Arab countries to a situation similar to the aftermath of the Second World War (Barakat, 1993), yet it has created a sense of urgency for the need to change at every level (Al-Naqaiib, 1991). Most Arab countries have become members of the World Trade Organization (WTO), yet their institutions need comprehensive development and modernization.

According to the World Bank: "*For the fourth year in a row, the Middle East and North Africa region (MENA)*¹ *continued on a strong growth path, with more dynamism from the private sector. Real gross domestic product (GDP) increased by 6.3 percent in 2006, up from 4.6 percent during the first four years of the decade ... Indeed, the growth performance for 2006 was among the best in more than 10 years. Growth was driven primarily by the strong performance of resource-rich, labor importing (RRLI) countries and the expansion of growth in resource-poor, labor-abundant (RPLA) countries, while resource-rich, labor-abundant (RRLA) countries stagnated. Given the rapid demographic expansion that characterizes most countries of the region, growth on a per capita basis was less buoyant, reaching 4.2 percent in 2006, but still significantly higher than the 2.6 percent reached in the early years of the new century.*" (World Bank Report, 2007, p. 1). (See Annex 1).

At the root of this economic development are several factors that have contributed at varying degrees: domestic demand and consumption, investment, exports and imports, and finally the private sector. This is well explained in the World Bank Report: "*Domestic demand continued to be the dominant force behind the current growth momentum. Growth decomposition analysis shows that domestic demand contributed 10.7 points to GDP growth in 2006, while net exports had a contribution of -4.4 points, as imports*

¹ The MENA region consists of RRLA economies Djibouti, the Arab Republic of Egypt, Jordan, Morocco, Tunisia, Lebanon, and West Bank and Gaza (WBG); RRLA economies Algeria, the Islamic Republic of Iran, Iraq, the Syrian Arab Republic, and the Republic of Yemen; and RRLI economies Bahrain, Kuwait, Libya, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

outpaced export performance. As a result, GDP growth for 2006 reached 6.3 percent. This tendency in growth sources has been present for the duration of the recent growth boom, but domestic demand has steadily increased its contribution to growth ... Both the contributions of consumption and investment have been on the rise. In particular, gross domestic investment now contributes 4.1 points to GDP growth, up from 1.3 points in the early 2000s, and the private sector is playing an increasingly important role, with rising investment ... Private consumption, on the other hand, contributed 5 points to GDP growth." (World Bank Report, 2007, p. 4). (See Annexes 2 and 3).

The region has also witnessed a noticeable fall in unemployment levels. Annex 4 provides an overview of developments in this area based on labor market data for twelve countries namely, Algeria, Bahrain, Egypt, Iran, Jordan, Kuwait, Morocco, Qatar, Saudi Arabia, Tunisia, United Arab Emirates, and the West Bank and Gaza. According to the report, *"employment growth has exceeded both labor force and working-age population growth by a considerable amount."* (World Bank Report, 2007, p.55). (See Annex 4).

This economic situation, marked by underdevelopment, inconsistent growth, and lasting political conflicts, necessitates the need for a greater understanding of human resources issues in the Middle East and how institutional reform can benefit from management approaches that are embedded in the local culture and heritage of the region.

3. Culture

The rich cultural heritage of the Arab world goes back to long centuries. A complex set of influences have contributed to the making of the Arab mindset and behaviour: pride in a history of developed civilization versus a contemporary backwardness, a religion essentially based on peace yet a history of conflicts, a religious system that touches every aspect of life yet an epistemological and ontological disconnect between how a Muslim ought to be and how he is perceiving the world. This disconnect leads to this discourse to remain at most an empty one with little impact on the sociopolitical and economic dynamics of society (Sardar, 1985, 1987).

Several authors have attempted to draw a typology of the Arab individual. Ali (1998) sums up this research. Findings by researchers like Ali (1984), Barakat (1993), and Sharabi (1988) reveal that an Arab individual's typology ranges from such extremes as idealistic-pragmatic, conservative-progressive, or traditionalist-progressive. However, Ibrahim (1982) has developed a different Arab profile in more practical terms such as the mechanized Bedouin, the semi-capitalist, the new middleman, the sponsor, the Egyptian Fellah, the angry Muslim militant etc. More research can be found in Ali (1990), Almaney (1981), Baali and Wardi (1981) and Hamady (1960).

Based on this research and empirical studies for twelve years in the Arab world and extensive research in the literature on Arab culture, Ali (1998) argues that *"it is possible to identify eight types of individuals: traditionalist, spectator, idealist, illusionist, traditional revivalist, manipulator, and existentialist. The typology evolves around political, social and economic shifts taking place in the Arab society"* (p. 4). So for instance, a traditionalist would value stability and avoid change, an idealist would adopt change as long as it serves ideological goals, and a manipulator would accept change that maximizes personal interests and rewards. When it comes to motivation, a traditionalist is motivated by recognition from the boss, and from social relations and opportunity to get paid for helping others. The idealist is motivated by group recognition and intellectual commitment, while the manipulator is motivated by high achievement, hierarchical advancement and material gains.

The categorization of cultures according to specific tendencies or dimensions has been the subject of many studies (Hofstede, 1980, 1991; Trompenaars and Hampden-Turner, 2000). The Arab culture has been described as high-power distance, high context, collective and polychronic (Al-Omari, 2005; Nydell, 2002). In such culture, high power distance is manifested through bureaucratic systems with unnecessary organizational layers, favoritism and exclusive privileges. As high context, the Arab culture is characterized by collectivism and depends heavily on personal relationships. When people communicate, they resort to both explicit as well as implicit means of conveying the message. Special attention is given to saving others' face in public. Being

collectivist as opposed to individualist, Arab culture gives priority to the family and the community and less to the individual. The honor of the whole is to be preserved even at the expense of one's personal interest.

The community values are the guiding principle of the individual's attitudes and behaviour. In decision-making, collectivist behaviour tends more toward consensus rather than resorting to voting. Consequently, decisions can take a long time. Finally, in a polychronic culture such as the Arab culture, it is acceptable to have multiple tasks at the same time. When faced with urgent matters, timing is critical rather than how much time is given to a certain task. Resort to diplomacy, rather than focusing on the time constraint, is always a wise tactic to follow.

Amidst the diversity, richness and contradiction of the Arab culture, the single unifying thread that gives each Arab Muslim person a sense of identity and dignity is Islam. Islam plays a pivotal role in the socio-cultural and economic dynamics of the Arab world (Sardar, 1983). For most practicing Arab Muslims, Islam is a way of life that governs not only the esoteric aspects of life but worldliness in its large sense (Ali, 2005).

When Islam was revealed in the form of the Quranic message to the Prophet Mohammed around 610G, it had a profound influence on its followers. It had an impact on the economic, political, social and cultural dynamics of Arabia. It opened Arabia to the world and opened the Arabs' minds to new lands and civilizations. The Quran explicitly instructed Muslims to explore what lies beyond their immediate environment: *"disperse through the land and seek of the bounty of God"* (Quran, 62:10). The Prophet Mohammed gave a special status to traders as actors in the socio-economic fabric of society: *"I commend the merchants to you, for they are the couriers of the horizons and God's trusted servants on earth and the honest, truthful Muslim merchant will stand with the martyrs on the Day of Judgment"* (Ali, 2005).

Islam preserved and further enhanced the sense of belonging to the community and responsibility for self and the larger society. Thus, every member of the community is a leader and a guardian in his or her local context. The sense of responsibility and accountability is a shared one. In the Prophet's words: *"Each one of you is a guardian, and each one of you will be asked about his subjects. A leader is a*

guardian over the people and he will be asked about his subjects; a man is a guardian over the members of his household and he will be asked about his family members; a woman is a guardian over the members of her family ... Each one of you is a guardian and each one of you will be asked about his subjects." (Al-Omari, 2005).

Similarly, it is everyone's responsibility to correct the wrong especially if it comes from the people in authority and power. Abu Bakr, the first successor of the Prophet said: *"I have been given authority over you and I am not the best among you; if I do well, help me and if I do wrong put me right."* (Al-Omari, 2005).

4. Governance

Most administrative systems in the Middle East countries are inherited from colonial times. In many Arab countries, the Government is still using the old buildings left by the colonizing countries. Public institutions require major development to better serve people, despite slow progress toward institutional reform. At the heart of institutional backwardness is the issue of governance. The Arab Human Development Report (2002) defines good governance as: *"a set of societal institutions that fully represent the people, interlinked by a solid network of institutional regulations and accountability (with ultimate accountability to the people) whose purpose is to achieve the welfare of all members of society."* (AHDR, 2002, p. 16).

According to the Report, the Arab region falls below the standard of the major characteristics of good governance. These are: full participation of all citizens, rule of law, transparency, responsiveness, equity, accountability and strategic vision. Commenting on the Report findings about the status of governance in Arab states, Prince Hassan bin Talal of Jordan wrote: *"Based on this rather ambitious definition of good governance, it is obvious that there needs to be drastic and sustainable political reforms, and institutional building in all Arab countries in order to meet the requirement for such a state of governance in both public and private sectors, as well as in the society at large."* (Quoted in Abu Jaber, 2004, p. 16). He further added: *"Policy- and decision-makers in the Arab region will do well to review the concept and content of good governance."* (p. 17).

A recent report by the World Bank shows some progress in public administration improvement. However, not all Middle East and North Africa

(MENA) countries are at the same level: *"Over the last several years, a few of the GCC countries have exhibited further progress in the area of reducing corruption, and as a group, the labor-importing economies rank in the 57th percentile with regard to recent reform efforts. Resource-rich, labor-abundant economies, however, have not kept pace with worldwide progress in public administration reform, ranking on average in the bottom third worldwide with respect to improvements in the mechanisms for the delivery of quality public service"* (The World Bank Report, 2007, p.129). (See Annex 5).

To sustain long term development, MENA countries, the Report recommends, *"will have to make comprehensive structural changes to deliver the strong growth needed to meet the region's employment challenge. Particularly critical are improving the climate for private investment, opening economies to greater trade, and improving governance mechanisms across the board for greater public sector accountability and inclusiveness, as well as improved public sector efficiency."* (The World Bank Report, 2007, p.5). (See Annex 6).

The World Economic Forum (WEF) issued in 2005 a timely report edited by Dr. Augusto Lopez-Claros, called *"The Arab World Competitiveness Report 2005*. In the Preface to the Report, Klaus Schwab, the Executive Chairman of the WEF wrote: *"The Arab world increasingly finds itself in the spotlight of world attention, with most analysis and discussion focused on political and security issues in the region ... This Report is intended as a contribution to better understanding the problems and challenges which confront the Arab countries. What will it take to revitalize growth? What are the priorities for authorities and policymakers, as they seek to unleash a process of modernization that will release the vast, unfulfilled potential of the Arab world? What are the sorts of inertia and inaction?"* (WEF Report, 2005, p. v).

The WEF Report includes useful data on the GDP per capita for 2004, the average growth rates for the period of 1990-2004, and the Growth Competitive Index components for Arab countries respectively. The components of the Growth Competitive Index are the "macro-economic environment index," the "public institutions index," and the "technology index." Interpreting this data, J. Blanke and A. Lopez-Carlos conclude that *"the Arab world finds itself at a critical crossroads. Demographic trends have pushed unemployment rates to some of the highest levels in the world and brought into sharp relief the urgent need for a reorientation of economic policies. Reforms are needed to engender a process of sustained job creation, well into the next decade, if*

the region is to avoid the inefficiencies associated with poor utilization of human resources, to say nothing of the social and political costs." (WEF Report 2005, p. 167)

The WEF Report includes an important survey called "The Executive Opinion Survey (EOS)." This survey analyzes the views of chief executives of companies in different industries and from different Arab countries on several organizational issues such as: staff training, willingness to delegate authority, extent of incentive compensation, reliance on professional management, quality of management schools, efficiency of corporate boards, and hiring and firing practices.

The answers reveal a big disparity among Arab countries represented in the Survey, and an overall weakness in corporate efficiency and management practices. For example, a big improvement is needed in areas like staff training where Qatar is rated the highest with 4.2 on a scale of 7. Weakness in the area of staff training is also addressed with emphasis in the Arab Human Development Report: *"Training in Arab countries is generally driven by supply rather than demand and the focus is on quantity, not quality"* (UNDP, 2003, p. 71). Similar improvement is needed in corporate governance practices manifested in the executives' willingness to delegate authority; Egypt has received the highest ranking with 3.9 on a scale of 7.

The administrative system in most Arab countries suffers from weak governance practices characterized by a lack of transparency in decision making, absence of professional human resources systems and an overall lack of systematic management processes and procedures. When solutions are brought to "fix" this situation, they are usually brought from the West with a different set of values and assumptions about human behavior and motivation, and with lack of knowledge of the peculiar cultural nuances in the region.

5. Knowledge Gap

The UNDP Report (2003), aptly under-titled *"Building a Knowledge Society"*, is a thorough examination of the third deficit affecting the Arab world i.e. knowledge gap. The other two deficits are: a deficit in freedom and a deficit in women's empowerment amply analyzed in the Arab Human Development

Report of 2002. The analysis of the knowledge gap covers the socio-economic, cultural and political constraints that impede the flow of information, knowledge dissemination, knowledge production and the establishment of a sound infrastructure for knowledge capital such as information technology, Research and Development, and professional organizations.

Aside from a gloomy present, the Report reminds us that *"historically, Arab culture did not constitute a closed system, but displayed at major historical junctures a profound ability to open up, develop, and transcend itself. It welcomed the experiences of other nations and incorporated them in its knowledge systems and way of life, regardless of the differences and variations that distinguished Arab societies from those nations and their experiences."* (AHDR, 2003, p. 8). In their attempt to identify the bridge between a golden past and a potential future knowledge-based Arab society, the authors identified four major cultural components as pillars of this transition. These are: an intellectual heritage of knowledge innovation in all fields; the Arabic language as the carrier of this culture; religion (Islam) which is marked by a *"recurring focus on the importance of enquiry, contemplation, science and sound reasoning, and whatever relates to the continuity of humankind on earth"*(p. 119). The fourth pillar is the value system as the guiding principle of people's activities. The Report authors believe that bridging the knowledge gap in Arab societies, through these four critical pillars, has the potential to contribute to their development.

If we take the publication of books as an indicator of knowledge development, the facts in the Arab world should call for concern. No serious attempt has been made to produce accurate statistics about book publication in the Muslim countries. Eugene Rogan (2004), in a commentary on the Arab Human Development Report (2003) says: *"While cautioning readers about the lack of reliable statistics on the actual amount of literary production in the Arab world, [the AHDR authors] draw on UNESCO figures to assert that, in 1991, 'Arab countries produced 6,500 books compared to 102,000 books in North America, and 42,000 books in Latin America and the Caribbean."* (p. 68).

In the Report itself we read: *"Book production in Arab countries was just 1.1 percent of world production although Arabs constitute 5% of the world's population ...In 1996, Arab countries produced no more than 1945 literary and artistic books, which represent*

0.8% of international production" (AHDR 2003, p. 77). Bontis (2004) provides a succinct analysis of the national intellectual capital in the Arab world. He argues that Arab economies' reliance on natural resources and oil will not lead to sustainable development in an age where technological developments and information innovations continuously require knowledge-based skills. In his words, *"as economies continue to become more knowledge intensive, intellectual capital will become the competitive edge of people, corporations, and nations."* (p. 36).

The previous sections have contextualized the broad issues and challenges that the Arab world is facing now. However, since the study focuses on management practices in Saudi Arabia, the following section gives a brief analysis on Saudi Arabia and thus contextualizes the issues tackled in this study.

6. Saudi Arabia

The Arabian Peninsula has supported agricultural, herding, and hunting cultures for thousands of years. Living on important ancient trade routes, the ancestors of the Saudi Arabians were touched by diverse civilizations, including those of Mesopotamia, Egypt, Greece, Rome, Byzantium, India, Persia, and China.

According to the Jeddah Chamber of Commerce and Industry (2006), Saudi Arabia's terrain is varied but on the whole fairly barren and harsh, with salt flats, gravel plains, and sand dunes but few lakes or permanent streams. The total area is around 756,981 sq mi (1,960,582 sq km). The Kingdom is in South West Asia, occupying most of the Arabian Peninsula, bounded by Jordan, Iraq, and Kuwait (North), the Persian Gulf, Qatar, and the United Arab Emirates (East), Yemen and Oman (South), and the Red Sea (West). Riyadh is the capital; However Jeddah is the principal port. Saudi Arabia has five major physical regions:

- **Rub al-Khali (the Empty Quarter)**: a sand desert occupying the entire south and southeast.
- **Nejd**: a vast, barren plateau in the center
- **Hejaz** and **Asir**: along the Red Sea, with mountains rising from an arid coastal plain

- **Eastern Province:** along the Persian Gulf, site of the country's rich oil resources.



Saudi Arabia has at least one quarter of the world's oil reserves, and the oil industry dominates the economy. Huge revenues from oil exports have been used to diversify the industrial base; metals, chemicals, plastics, cement, and fertilizers are now produced. Irrigation projects have reclaimed many acres of desert, and grains, dates, citrus fruits, and vegetables are grown. Nomadic Bedouins raise camels, sheep, goats, and horses. Income is also derived from Muslim pilgrims who travel from all parts of the world to the holy cities of Mecca and Medina. According to the 2005 estimations by the Central Department of Statistics in the Ministry of Economy and Planning, the total population is around 23.12 million, with a compounded average growth rate (CAGR) of 2.45% for the period of 1992-2004 (Central Department of Statistics, Ministry of Economy and Planning, 2005). The overwhelming majority of the populations are Muslim Arabs, with 27% of the population consisting of resident foreigners. Arabic is the official language.

6.1 Saudi Economic Overview:

Since 2002, the Saudi economy has been aggressively expanding on the back of record oil prices and production levels. Robust global economic growth

perpetuated the current economic boom in the Kingdom, as external demand for commodities and energy, fueled the ongoing rally in oil prices. Between 2002-2006 nominal GDP grew at an annual rate of 13.6%, with 2006 Y/Y growth reaching 11.2%, bringing total GDP to SR1,297 billion. This corresponded to a per capita GDP of SR54,848 (USD14,626), its highest level since 1981 (Saudi Arabian Monetary Agency Report, 2006).

Contrary to previous oil booms, much of the windfall oil revenues earned during the last few years have remained within the Saudi economy. This has been instrumental in fueling domestic demand, boosting consumer/private sector confidence and stimulating government spending. Although the oil sector will remain dominant in the foreseeable future, the Saudi economy is undergoing a structural shift in the current phase of the business cycle. Rising domestic demand, potential capacity constraints and confidence in the sustainability of external demand for oil over the medium-term, are triggering a massive investments wave undertaken by both the public and private sectors.

It is estimated that over SR1.3 trillion worth of projects, in various implementation stages, are to be executed in the Kingdom by 2014 (Middle East Economic Digest, 2007). These include mega-projects in energy, utilities, infrastructure, in addition to the new economic zones. With both the public and private sectors flush with cash, investment expenditures over the medium-term will be a major contributor to economic growth and in turn employment creation. Furthermore, acceleration of economic reforms stimulated by the Kingdom's accession to the World Trade Organization (WTO) in December 2005, coupled with rising foreign direct investments (FDI) inflows, are further adding to the depth and sustainability of the current economic boom.

6.2 Saudi Arabia's Developmental Plans

- Saudi Arabia's first two development plans, covering the 1970s, emphasized infrastructure: paved highways, power generation and new seaports.

- For the third plan (1981-1985), education, health, and social services were the top priorities, while diversifying and expanding productive sectors of the economy (primarily industry) were also addressed.
- In the fourth plan (1986-90), the country's basic infrastructure was viewed as largely complete, but education and training remained areas of concern. Private enterprise was encouraged, and foreign investment in the form of joint ventures with Saudi public and private companies was welcomed.
- The fifth plan (1991-95) emphasized consolidation of the country's defenses; improved and more efficient government social services; regional development; and most importantly, creating greater private sector employment opportunities for Saudis by reducing the number of foreign workers.
- The sixth plan (1996-2000) focused on lowering the cost of government services without cutting them and sought to expand educational training programs.
- The seventh plan (2001-2005) focuses more on economic diversification and a greater role of the private sector in the Saudi economy, probably the most spectacular road construction project of all has been the building of the King Fahd Causeway, connecting the Saudi Arabian mainland with the island of Bahrain.
- Today, Saudi Arabia possesses some of the best hospitals in the Middle East, and some of the most reputable universities. Also there are about 23.12 million people, including expatriates, in the Kingdom. This country will continue to progress. Brand new petrochemical projects and vast intermediate industries will be created; new tourism projects are on the horizon; and infrastructure plans will have to be constantly upgraded.

7. The Need for Institutional Reform

The implication of the foregoing analysis is that the Arab world organizational system is in need of a major shift in managing its affairs. A radical institutional reform is the only hope for this part of the world to come to terms

with the current and the potential challenges the world is going through. However, in the words of Ali, "*Certainly, human-capital formulation and development cannot take place in a state of instability and protracted conflict. The heart of management, as a field of knowledge and practice, is the rational process of confronting issues related to growth and progress of organizations and nations. This requires imaginative solutions and a courageous stand in confronting societal ills. In addition, it requires a rational attack on deep problems and provides predictions on the nature of change essential for maximizing societal welfare.*" (Ali, 1998, p. 2).

It is the premise of this study that these "*imaginative solutions*" that attack "*deep problems*", actually develop in very specific socio-economic and cultural contexts. They stem from the very worldview that governs the deeply rooted value system that affects every aspect of people's lives, and is therefore responsible for their way of thinking and behaving. In the case of the majority of the Arab world, the centre of this worldview is Islam. It plays the role of the unifying bond that gives meaning to people's lives and existence.

The majority of Arabs are Muslims and most of them observe the basic precepts and practices of the religion at varying degrees. However, the religious discourse is in complete disconnect from the management thinking discourse. Attempts to draw management theories from the Islamic worldview to provide a theoretical as well as a practical framework for organizational effectiveness are rare.

In the next chapter, I examine the significance of Islam in shaping management thinking and relations. I will start by exploring a modern Arab Muslim discourse that advocates the need to learn from modern management theories and practices. However, this discourse contends that organizational development programs need to be grounded in the worldview of Islam if they are to lead to sustainable results, and make sense to the local people and communities that adopt them. It is essentially a discourse that attempts to dissociate modernization from westernization. Then, I explore the basic foundations of the Islamic worldview and their implications for management thinking and practice. I will then review the current literature on Islam and management thinking and practice. To conclude this chapter, I will explore the

implications of the above analysis on the current research in Islam and management and the knowledge gap that this study attempts to fill. This will be followed, in the next chapter, by the research methodology deemed most suitable to explore the research questions that will hopefully fill a current knowledge gap in this field of research.

Chapter Three

Management Thinking and Islamic Worldview

1. Introduction:

The situation of most Arab countries is a direct result of colonization, an inherited administrative system that did not have proper human resources to manage it efficiently, and a continuous economic backwardness and political instability. Even in the Gulf countries that have witnessed oil-dependent economies, the management style has been predominantly characterized by the impact of tribal inheritance, the primacy of honor, and social and family networks (Al-Omari, 2005). These challenges call for solid institutions, good governance and developed human resources systems. It is the contention of this study that development models for particular socio-economic and cultural contexts need to stem from and reflect the specific worldview that govern the behavior patterns and modes of thinking of people in those regions.

Many Muslim and Arab thinkers have argued along these lines. Their premise is that Muslim countries need development strategies that are not transplanted from without, but grown and nurtured from within.

2. A Modern Muslim Reformist Discourse: Modernization without Westernization

The Reformist or Reconstructionist discourse, "*tajdid*", has been an integral part of the Muslim intellectual institution throughout history. Reform meant purification of the faith from the religious and ritual malpractices (Khan, 1968). It also meant returning to the clean source of revelation, a historical journey back to the first days of the Muslim state at the time of the Prophet (Abdulhamid, 1987). However, some modern Muslim thinkers caution that these reformist movements attempted to change the Muslims' understanding of Islam and not the Islamic principles themselves, as these are perceived to be eternal and relevant to all times (Farroukh, 1995; Tahhan 1984).

Since the turn of the twentieth century, the Arab world has been subject to unprecedented changes and major events that have taken the reformist discourse to entirely new dimensions. The Western colonization of most Arab countries and the collapse of the Ottoman Empire have brought the Arab world face to face with the West. It is the encounter of two opposite worlds: a modernized West with advances in science, technology and education, and an East that lags behind in all aspects of modern life. Colonization was a historical expression of the Western essentialism that created the "Other" and dominated it. It also created what Said called "imaginative geography" (Said, 1978, p. 49).

Commenting on Said's exposition of the Western sophisticated practice of control, Salvatore writes: *"the product of the new essentialist attitude was the orientalizing of that "world" where another Abrahamic religion informed or at least legitimized models of life conduct and social norms, a world situated south and east of Christian Europe, previously a target of attention and study within the limits of doctrinal and dogmatic polemics. "Orient", "Near Orient" (later "Near" and/or "Middle East") are constructs incorporating a much higher level of abstraction than the fragmentary, distance-taking, and strictly instrumental knowledge produced on Islam by medieval Europe"* (Salvatore, 1997, p. 70).

It is in the context of these historical shifts that the modern Arab and Muslim intellectual discourse needs to be positioned. Whether secularist or religious, almost all the Arab and Muslim intellectuals of the century have struggled with the issue of reform and the catching up with a fast developing West. Two major reactions were prominent in the late twenties of the twentieth century. The first was intellectual in focus, completely embracing the Western culture and civilization and seeing the development of the Arab Muslim world in following the steps of the West. The main figures of this movement were: Qasem Amin, Lutfi AlSayyid, Taha Hussein, and Hussein Heikel (Hallali, 2004). The second movement was political in outlook and proposed that the reform of the political system in the Arab Muslim countries was the main priority. It was represented by Rashid Rida and Hassan Al-Banna, the founder and spiritual leader of the Muslim Brotherhood movement (Hallali, 2004).

Another movement appeared in the fifties and was known as the Reformist School. Its best spokesman was Mohammad Iqbal (1968) who, although from

Pakistan, delineated its main features and philosophical thrust. He wrote "*The Reconstruction of Religious Thought in Islam*" to revive in the Muslim mind the sense of self-worth and trust that Islamic heritage and principles can help the contemporary Muslim nation to reconstruct its epistemological and existential position in today's world and build solid institutions founded on the Islamic value systems while adopting the modern technology and advances in science. Within the same spirit, other thinkers put forward their theses in an attempt to regain for the Arabs and Muslims their pride and historical position. Some of these authors were Amin Al-Khouli, Mustafa Abdelraziq and Mohammed Abdullah Darraz (Hallali, 2004).

Since the sixties, a new approach to reform has appeared. Its proponents advocated the need to move away from a reactionist approach to the Western modernism and post-modernism, and called for the establishment of solid institutions that would have a more sustainable impact on development and progress (Al-Masiri, 1995). Around this time, the early signs of the famous movement known as the Islamization of knowledge appeared. Its major thrust was to benefit from the human knowledge regardless of its origin and reconstruct it in accordance with the Islamic worldview. The discourse in this movement is being revisited to avoid some of the vagueness that marked the early attempts at Islamizing knowledge (Al-Alwani, 1996).

The later part of the twentieth century and the beginning of this century have witnessed the same issues and concerns. The challenges of globalization and the aftermath of 9/11 have put the Reformist discourse into a more volatile position; it finds itself in an apologetic mode, trying to prove to the world that terrorism is not to be equated with Islam.

As an intellectual discourse, the Reformist discourse had to come to terms with its own epistemological foundations i.e. the major principles of the Islam. It could not avoid, at times, to question the relevance of these very foundations to the modern age and concerns (Ziyadah, 2004). At the heart of this epistemological self-questioning by the modern Arab Muslim reformist discourse, the Arab Muslim tradition stands out as the most critical yet sensitive issue to deal with.

A Muslim tradition of almost fourteen centuries cannot be easily dispensed with, yet the integration of its foundational precepts into a modern world posed for the pro-Islam reformists two challenges. On the one hand, they needed to create a new language that can keep religiousness still relevant and valid to the frustrated and deprived Arab Muslim intellectuals; on the other, they needed to face a Western discourse that has lost faith in organized religious institutions. At the heart of these challenges is a deep conflict of assumptions on the role religion should play once it crosses the boundary from the private to the public sphere (Esposito, 1982, 1998, 2003).

This conflict of assumptions eventually leads to a misunderstanding of cultures where religion permeates every aspect of the social and political fabrics. In the words of Sachedina (2001): *"The persistence in the 'disestablishment' proposition that privatizes religion, banishing it from a secularized public arena, has become a major obstacle in understanding societies in which religious obligation is a key element in managing social problems and sustaining a sense of community. The secularist outlook, while preventing the dominance of one religion over others, can marginalize communities of faith and thus push them toward militancy, aggression, and separatism"* (p.3).

Amidst this discursive debate about the relevance of religiousness to public policy and the establishment of sound social and political institutions, the Orientalist and post-Orientalist discourse has even furthered the conflict and confirmed to the Western policy makers and general public that Islam is not only irrelevant to the modern world, but it is the 'other' that is essentially alien and not compatible with Western liberal and democratic values (Said, 1978; 1981; 2001). Orientalism and post-Orientalism have eventually created a system of thought that is still dominating the Western media and its 'coverage' of Islam (Said, 1981).

3. The Relevance of Islam to Institutional Reform

A major characteristic of the reformist discourse of the twentieth century is that it is based on the efforts of individuals rather than institutions. Institutionalized reform as a collective and integrated project did not constitute a common feature of the Islamic reformist discourse in general (Hallali, 2004).

However, the late nineties and the turn of the twenty-first century have witnessed more awareness of the importance of institutions.

In this Muslim reformist discourse, the definition of Islam has three important dimensions to it, best expressed by Sachedina (2001). "1. *Islam as a religious system that provides a creed, a set of doctrines, a rite of prescriptive practices, and moral-spiritual attitudes*; 2. *Islam as a historical phenomenon that provides its followers with a transnational religious and national cultural identity*; 3. *Islam as a civilizational force that continues to shape the Muslim response to social-political realities and contingencies, allowing for necessary adjustments to membership in a diverse global community.*" (p. 15).

Some Muslim authors argue that Muslim economic institutions flourish and achieve their best performance when their modus operandi and the people's behaviour are in line with the worldview of Islam. For Chapra (1993): "*The goals of an economic system are essentially determined by its worldview, which discusses questions about how the universe came into existence, the meaning and purpose of human life, the ultimate ownership and objective of the limited resources at the disposal of human beings, and the relationship of human beings to each other (involving their rights and responsibilities) and to their environment.*" (p. 3). Thus, since the Islamic worldview is based on the premise that humankind is God's trustee on earth, every member of society lives to achieve that mission guided by a value system that takes its concepts and behaviors from the same worldview, and a moral framework for every human activity. For Chapra, since the Islamic worldview has primary objectives (*maqasid*), which constitute the very *raison d'être* of the Shariah itself, Muslim countries will best achieve sustainable development by following this worldview.

Many Arab countries have witnessed a resurgence of the Islamic financial and banking system (Chapra, 1993). Some countries have attempted the institutionalization of *zakat* (paying 2.5% of one's wealth yearly) to be distributed to the needy (Chapra, 1993). These constitute historic and conscious attempts to introduce development models that would fit naturally within the local context of the Arab countries and align with the belief and value systems of the people. In general, Muslims have a concern about engaging in interest-based banking or eat imported non-*halal* food (food not based on lawful products or slaughtered in the case of meat). Despite the lack of official *zakat* institutions, non-government

organizations have created country-wide networks for *zakat* collection and distribution.

Linking the impact of Islam on economic welfare in Muslim countries has been the subject of much debate. Bernard Lewis (2002) and Samuel Huntington (1996) have criticized the relevance of Islam to the establishment of a state with a rational economic system or institutions based on democracy. However, Sardar (1985), a modern reformist, argues that the Shariah should not be described as to mean only the Islamic law; it is a pragmatic problem-solving methodology for today's and tomorrow's problems, including the economic ones.

This view held by Sardar is also embraced by other Muslim reformist thinkers. Sachedina (2001) argues that a critical revisiting of normative aspects of Muslim religious formulations will reveal their relevance to the pluralistic world order of the twenty-first century. In his words: *"The goal here is not to glorify the Muslim past but to remember it, retrace its path, interpret it, reconstruct it, and make it relevant to the present"* (p. 11).

It is interesting to note that some Western writers have explored the possible implications of Islam for the economic institution. So for example, Nancy Davis and Robert Robinson (2006) attempt to link religion and economic beliefs in seven main Muslim countries namely Algeria, Bangladesh, Egypt, Indonesia, Jordan, Pakistan, and Saudi Arabia. They argue that *"moral cosmology theory posits that because the religiously orthodox are theologically communitarian in viewing individuals as subsumed by a larger community of believers subject to timeless laws and God's greater plan, they are disposed toward economic communitarianism, whereby the state should provide for the poor, reduce inequality, and meet community needs via economic intervention."* (p. 167). The authors conclude that the Islamic Shariah promotes a communitarian society governed by economic justice, and as such is in line with Moral Cosmology theory.

The power of the Islamic ideology that calls for communitarianism and a society of brethren is noticeable even in the early days of the spread of Islam. Many nations welcomed Islam not only as a new faith based on monotheism. It was also because Islam provided an economic and social system that promoted justice, brotherhood, social solidarity, fighting aggression and monopoly, and a

shura-based political system. The new reverts quickly integrated in the new system guided by the new worldview regardless of their origin, race or color. These principles represented a real threat to the bourgeoisie of Makkah who tried to seduce the Prophet with wealth if he gives up his new religion (Arnold, 2003).

The contention of this research is that with the establishment of sound institutions and management systems informed by the Islamic worldview, the region can move away from its stagnation and under-development. So the purpose of this research is to explore the possible implications of the Islamic worldview on management thinking and organizational behaviour and strategy. This constitutes a contribution toward the development of effective institutions in the Arab world and thus it falls under the general approach of the reformist discourse that emphasizes the importance of organizational effectiveness as a way forward. The basic premise of this contribution is that a genuine framework for management thinking that takes its concepts and language from the region's cultural heritage and belief system would constitute a natural fit to organizational development and provide the right thinking reference for managers and employees.

To this end, I will explore in the next Section the Islamic worldview and its major concepts and principles. In the Section that follows, I review the literature on Islam in relation to management.

4. Islamic Worldview

In this Chapter, I will discuss the major features of the Islamic worldview in order to lay the ground for a discussion of its implications on management thinking. In particular, I will explain two main components of the Islamic worldview. The first is *Maqasid al-Shariah* (objectives of the Shariah) under which I discuss the centrality of purposefulness and values. The second is *Tawhid* (Unity of God) and its implications for social systems and human behaviour.

4.1 *Maqasid al-Shariah*: The Purposes of Shariah

The vision of Islam as a revealed religion is to achieve the well-being (*falah*) of men and women, and establish civilization for everyone to live in peace and

harmony. This vision is based on the premise that human beings are created by God to fulfill a specific mission. This mission is to realize the two-fold role of the human person as the servant of God (*Abdullah*) and as His vicegerent (*Khalifah*) on earth. A distinguishing feature of this vision is its equal emphasis on the fulfillment of material as well as spiritual needs of humanity.

The Islamic vision of human well-being, achieved through a continuous process of development, is heavily governed by Divine Law (*Shariah*), ethics and morality. In other words, if the objective of the Shariah (*maqasid al-shariah*) are realized, the human well-being are also realized. The *maqasid al-shariah* are beautifully summed up by the Muslim scholar, Imam Abu Hamid Al-Ghazali (died 1111G):

*“The objectives of the Shariah is the well-being of the people, which lies in safeguarding their faith (**Din**), their self (**Nafs**), their intellect (**Aql**), their posterity (**Nasl**) and their wealth (**Mal**). Whatever ensures the safeguard of these five principles serves public interest and is desirable, and whatever hurts them is against public interest and its removal is desirable”* (Al-Ghazali, 1995, Vol. 1, p. 139).

All five principles are inter-dependent such that safeguarding one while ignoring the others creates an imbalance in the social order.

4.1.1 Faith: Among the five principles, faith is given the first place. It is the foundation to reform society and its institutions. It also constitutes the ultimate frame of reference for the other four principles and guides them to play their role in achieving the well being of society and its institutions.

Faith also provides the worldview for the Muslim society and defines its beliefs and value system, which in turn influence the human creative process of development of institutions and the way they are managed. It influences the individual as well as societal lifestyle, tastes and preferences, and their attitude toward other social and cultural systems, the animals and the environment. It ensures the security of every individual's life, property and honour. It motivates individuals to fulfill their family and social obligations; this promotes family and social solidarity.

The Muslim worldview, as founded on faith as a principle and objective of Shariah, takes this life and life after death into proper perspective. Every human activity is planned and carried out with this perspective in mind. For every action there is a reward both here in this life and in the Hereafter. Consequently, faith creates a very unique social dynamics, where a person's self-interest is better fulfilled when he or she serves the other persons' needs. Activities are seen as a cycle that feeds back on the actor. No activity is linear; every activity is cyclical. This belief is at the heart of a typical Muslim's behavior: the results of and rewards for the individual's service and sacrifice toward the community can be fulfilled in this life or better in the Hereafter.

4.1.2 Wealth: The second principle of the *maqasid al-shariah* is to safeguard the individual's wealth (*mal*). Both faith and wealth are necessary for each other, as well as for the other three principles i.e. self, intellect and prosperity. According to the Muslim worldview, it is not possible to reform society without faith, or develop it without wealth. Faith gives direction to the earning and spending of wealth in a way that the well-being is ensured. Otherwise, wealth can be used for wrong purposes.

A society can be very rich and yet highly unjust. Injustice slows development and ultimately leads to lack of efficiency and effectiveness. The Quran says: "*And he is doomed who has brought injustice with him.*" Ibn Taymiyyah, a Muslim scholar of the 7th century Gregorian, in Ahmad, (1995) said: "*Allah supports the just society even if they are disbelievers, and He does not support the unjust society even if they are Muslims.*" Without faith, the objectives of *Nafs*, *Aql* and *Nasl* suffer and do not prosper. And without wealth, it would be difficult to perform religious duties and therefore faith becomes weaker.

4.1.3 Self: The third principle of the *maqasid al-shariah* is to safeguard self (*Nafs*). This principle refers to the dignity of the human self whereby the human needs are fulfilled to ensure a person's health, efficiency and ability to carry out his or her mission as a servant of God and vicegerent on earth. The Shariah however defines the human needs as *daruriyat* (necessities), *hajiyyat* (comforts), and *tahsiniyat* (refinements). The Shariah does not approve of the luxuries or the goods and services which are wanted for their own appeal and do not make a real difference

or contribute to a person's well-being. This restriction is governed by the *raison d'être* of man's creation: being the trustee or vicegerent of God; resources are a trust from God and must be spent in accordance with the terms of the trust as defined by the Shariah.

4.1.4 Intellect: The fourth principle is the safeguarding of intellect (*Aql*). This is the distinguishing characteristic of humankind and, according to Shariah, it needs to be developed. The content of the intellect development process needs to be based on moral grounds. It needs to take into perspective the materialistic as well as the spiritual needs of the person. It is a principle of Shariah that the essence of faith does not contradict with reason. The whole jurisprudence enterprise (*Fiqh*) was developed by the intellectual creativity of Muslim scholars who used the Quranic text as a basis for guidance but created all kinds of rulings in accordance with the demands of the social, political and economic contexts in which they lived. Even in prayers, which constitute the essence of worship, scholars have issued different rulings on how to perform prayers in some special circumstances such as travel.

Safe and sane intellect helps in the proper understanding of the other four principles. When safeguarded and developed, intellect leads to sound decisions and sustainable solutions. Prohibitions to take in narcotics and other damaging drugs are meant to preserve the safety and health of the intellect and its proper functioning.

4.1.5 Posterity: The fifth principle of the Shariah is the safeguarding of posterity (*Nasl*) which means that an individual's offspring are to be safe and sound. The killing of an innocent soul is forbidden and its preservation is necessary for sustaining development and the survival of society itself. The basic nucleus of society is the family, and the family's harmony and solidarity contribute to the safety and preservation of the individual. An integral part of safeguarding the individual is the building of a good character based on the principles of faith. Similarly, health and education are necessary and they depend on the principle of wealth.

The five objectives of the Shariah constitute the foundation, or the deep structure, of a Muslim's activities. They are all inter-dependent and without all of

them at once, a balanced and well-networked social community cannot sustain itself for long. The well-being of people, which is the aim of religion and the objective of the Shariah, will prevail when their faith, their life, their intellect, their posterity and their wealth are safeguarded.

The Islamic vision of human development, and consequently organizational development, is the attainment of happiness (*falah*) for all. At the highest level, happiness (*sa'adah*) is a spiritual, intellectual and ethical state of the soul. This requires above all the right knowledge (*'ilm*) and ethical action (*amal salih*). Right knowledge consists of both knowledge of the objectives of religion and knowledge for the advancement of institutions and economic infrastructure, as well as the proper governance of the natural environment. Ethical action is guided by justice and fairness, caring for the welfare of the poor and disadvantaged, and a conduct worthy of trust (*amanah*) vested in the human person.

4.2. Purposefulness

It is an Islamic fundamental principle that life is created for a purpose and the universe is rational and well designed for life to grow and sustain: "[Righteous are] those who ponder the creation of heaven and earth and affirm, O Allah! You have not created this creation in vain." (Quran, 3:191); "Certainly, We have not created heaven and earth and what is between in sport." (Quran, 21:16). The purpose of life, as highlighted in the Maqasid above, is to establish civilization for everyone to live in peace and harmony. To say that the universe is rational means that there is a habit in creation that certain effects follow from certain causes. Habit of this sequence creates in man the habit of expecting effects to follow from causes. The rationality of creation implies order and purposefulness, for the Creator, "*being the Wise and the Rational creates things that must embody the quality of reason, which denotes order, purpose, and the truth.*" (Abdul Hakim, 1993, p. 28).

For the Muslim scholars, throughout the history of Islam and up to our time, the study of the universe based on *Tawhid* led them to realize that since everything is created by God who is the Truth itself, then nothing in the universe can be without purpose or created in vain. Nothing created by the Truth (God)

can be inherently false or purposeless. *“He created the heavens and the earth in true (proportions): He makes the night overlap the day, and the day overlap the night. He has subjected the sun and the moon (to His Law): each follows a course for a time appointed.”* (Quran, 39:5).

The human quest in life should be to maintain harmony between the purpose of creation and the purpose of human existence. Islam, as a worldview, repeatedly invites man to simultaneously reflect on two dimensions of existence: the large cosmos as well as his inner self. The Quran refers to the first as *Afaq* (horizons in the physical world) and the second as *Anfus* (inner selves). *“Travel through the earth and see how Allah originated creation.”* (Quran, 29:20).

Both the cosmos and man’s inner self are created by the same Creator. Both have a purpose. The cosmos is made subservient for man to establish civilization and promote peace. The cosmos readily makes itself at the disposal of man to achieve his purposes. It is governed by laws that sustain harmony and beauty. Man has been given laws and a belief system that guarantee for him harmony, beauty and an ethical life. Both the physical laws and the belief system naturally match and give life harmony and purpose.

The sensory world as well as our inner self are both sources of knowledge leading to a more enlightened understanding of life. *“We will show them Our signs in the universe and in their own souls as well, until it becomes manifest to them that it is the truth.”* (Quran, 41:53). *“Do they not reflect within themselves?”* (Quran, 30:8).

4.3 Holistic thinking

Out of a dual reflection on the cosmos outside and the inner self, a thought process emerges that is holistic and integrative rather than linear and isolationistic. The holistic mindset, in the realm of social life, considers both the self and the other as integral elements in the complex web of relations. As such, the Islamic worldview is essentially holistic and systemic – one that integrates rather than divides; one that concerns itself with complex patterns rather than simple single events. Unlike mainstream science, it does not dissect to understand.

Man is endowed with the capacity to transform creation so as to embody ethical and aesthetic patterns in harmony with the laws of nature and the laws of

morality. Man is part of an infinite, complex web of relations with all creation. While man's being is a result of the act of creation in the first place, his becoming in the world is a process in motion toward the fulfillment of the systemic good and the moral and ethical purpose of creation, i.e. civilization on earth. *"The truth is from your Lord, let him who will, believe and let him who will, disbelieve."* (Quran, 18:29).

4.4 Man and change

Man has the capacity to effect change in himself and the world around him, in a very dynamic and interactive way. *"And there is nothing for man but what he strives for."* (Quran, 39:53); *"Truly Allah does not change that which is with a people until they change that which is within themselves."* (Quran, 13:11). Man's free will implies responsibility for the implications of his actions on the entire life system of which he is part. Thus, it is a systemic responsibility to the extent that, for instance, killing an innocent being is like killing the entire humanity *"On that account, We ordained for the Children of Israel that if anyone killed a person, it would be as if he killed the whole people; and if anyone saved a life, it would be as if he saved the whole people"* (Quran, 5:32).

There is always already a purpose to everything in life. But the ultimate end to everything is the ultimate purpose of creation, i.e. every purpose is subject to other purposes until they all lead to the final purpose that ends in Allah. It is man's mission to maintain and continually foster an alignment between his pursuits and projects and the purpose of creation. The realm of possibilities for his projects is limitless: *"As subject of moral action, man must therefore be capable of changing himself, his fellows or society, nature or environment, so as to actualize the divine pattern, or commandment, in himself as well as in them."* (Al-Faruqi, 1983, p. 13). This is the essence of the following verse in the Quran: *"[Allah] Who created life and death that you may prove yourselves worthy in your deeds."* (Quran, 67:2).

As such, man is always in a position of challenge and search. But his search is not a haphazard search for the unknown but a purposeful search that leads to the systemic good, thus enhancing harmony by unearthing the beautiful and the good latent in the universe. The potential for evil is just as possible for man as the

good is. It is man's free will to choose either way. But Islam calls for the systemic good and all that promotes peace and harmony and beauty.

Every man's action thus has to be intentionally purposeful in the sense that it is not haphazard, and it points eventually to Allah and His purpose of creating life.

"That all things in creation serve a purpose and that all purposes are internalized as means and ends to one another makes the world one telic system, vibrant and alive, full of meaning. The birds in the sky, the stars in the firmament, the fishes in the depth of the ocean, the plants and the elements – all constitute integral parts of the system... Together, they make an organic body whose members and organs are interrelated..." (Al-Faruqi, 2000, p. 78).

4.5 Purposefulness and morality

So for Islam, creation and therefore life, is meant to be. It is not accidental or a result of blind chance. Furthermore, life is not evil or bad, nor is man asked to seek redemption for some original sin or to exercise self-denial to live outside history. Islam stipulates that human actions enact morality and man is capable of enacting these moral laws at will. When he chooses to build a civilization based on these moral and ethical ideals, humanity lives in harmony with the laws of nature. When he chooses to craft for him moral laws in accordance with his own wishes, he is at odds with the very laws governing nature.

So for Islam, the Creator knows what best fits the cosmos as natural laws, and what best suits human nature as moral laws. *"Do they want some other code than God's though each and every thing in heaven and earth is under His sway? And all will be led back towards God."* (Quran, 3:83). Man is free to enact those moral laws or craft new ones. His physical structure, his psychological disposition, the natural environment around him are all subservient to him in his choices. In both cases, he is making history come alive. He is enjoined to live up to the values and morals in harmony with the very purpose of creation. He thus plays the role of the agent, free as it were, that facilitates the Creator's purposes to enter history and become real. *"Man is therefore a cosmic bridge between the higher echelons of the Divine Will and historical reality. Evidently his being is of tremendous significance."* (Al-Faruqi, 2000, p. 86).

So significant man's being is, in the view of Islam, that it would be futile to turn his life into an aimless project, a process that is subject to its own dynamics and influenced by its environment. Man's being is significant because every action he performs in the universe is intricately connected to a grand network of meaning and purpose. Purpose adds perspective and quality to his being as he moves in time and space. As such, being in the position of the Creator's vicegerent on earth, man is expected to "*transform creation into the divine patterns, i.e. to rearrange its materials so as to make them fully and beneficially sub-serve human needs, the material...as well as the moral. [...] In the very act of transforming creation, humans ought to instantiate the ethical values by choosing to enter into those acts of transformation in an ethical way.*" (Al-Faruqi, 2000, p. 88).

A Muslim worldview is not limited in scope and methodology to reality as it is; it looks farther to what reality ought to be, and thus all energy should be channeled to achieve that purpose. Nature is already always engaged in that purposeful process. Human knowledge cannot, in an Islamic sense, establish its concepts and methodologies in researching human reality "*in abstraction from what that reality ought to be. Any investigation of a human 'is' must therefore include its standing as an 'ought to be' within the realm of ends...*" (Al-Faruqi, 2000, p. 102). Otherwise life itself becomes meaningless. Human life patterns become incongruous with nature's patterns. Purposefulness should be channeled, with vibrant energy, toward the greater systemic good. Thus, man's creative engagement is in harmony with God's creationist will.

4.6 Values and the Social Order

The Islamic ethical system is part of the Islamic worldview. It is characterized by internal consistency. External behaviour is aligned with beliefs: if life has a purpose, then all behaviour should align to it and support it. Allah's purpose for creating mankind is best illustrated in the following verse: "*O mankind! We have created you male and female, and have made you nations and tribes, that you may know one another. The best amongst you are the most pious.*" (Quran, 49:13).

As people engage in relationships, their purpose is not only of co-existence or exposure to the other, but they should aim to achieve piety. Piety is not a

personal trait for which a person is praised for being good and religious. Piety always involves the other and consequently the good of the whole. It can be defined as the person's engagement in acts and behaviour that promotes the good of the community and prevents harm, and thus fulfill the trust given to mankind to establish civilization.

There can be no civilization if it does not contribute to the systemic good and coherence in life. Coherence must not be achieved through unethical means. Ethical conduct is a consistent unified code of behaviour in every aspect of life: *"Say: my worship and my sacrifice and my living and my dying are all for Allah, Lord of the Worlds."* (Quran, 6: 163). This consistency between purposes and the means to achieve them is a natural consequence of the fundamental belief in *Tawhid*, unity of the Creator.

So mankind is in a continuous quest to achieve harmony in its created systems, to reflect and foster the harmony in the universe, *"Verily, all things have We created in proportion and measure."* (Quran, 54:49). To this right measure, manifested in the universe or the open book, there is a corresponding worldview manifested in the scripture or the closed book, characterized by balance and harmony, *"Thus We have made of you a nation justly balanced."* (Quran, 2:143).

Balance is a conceptual framework through which everything is judged as right or wrong. It is also a behavioural framework that guides to appropriate behaviour. For instance, there is balance in spending: *"Those who, when they spend, are not extravagant and not niggardly, but hold a just (balance) between those two extremes."* (Quran, 25:67), and in business transactions: *"Give full measure when you measure and weigh with a balance that is straight."* (Quran, 17:35).

Along with balance, Islam enjoins truthfulness. As a value, truthfulness has a very important sociological role: it smoothens interactions among community members. Relationships are then built on trust; otherwise society as a whole moves to decay and corruption, which are manifestations of disharmony. Giving up what one has for the sake of the others, as a value, has an equally important sociological meaning: it creates a network of social relationships characterized by a spirit of mutual love, mercy, and collaborative action: *"And those before who, before them, had homes and had adopted the Faith, show their affection to such as came to them for*

refuge, and entertain no desire in their hearts for things given to the (latter), but give them preference over themselves, even though poverty was their lot. And those saved from the covetousness of their own souls; they are the ones that achieve prosperity." (Quran, 59:9).

Thus, leaders give up what they have for the sake of their subordinates, individuals would compete to support one another for the overall good, and the corporation accepts a marginal profit if that contributes to the good of the community. Competition, therefore, assumes an entirely different meaning. Social members compete among one another to support one another, for one receives more by giving more.

All these values and others, have a special characteristic: their effects are seen at the level of the overall system. Lack of truthfulness or promoting one's good at the expense of the others cause the whole system to disintegrate. Consequently, values in Islam are at the same time individual and communal or collective. One cannot be separated from the other. The destiny of the individual is deeply integrated within a complex social fabric of which he is partly responsible. His actions affect everyone else in society and he is affected by everyone else. Al-Faruqi puts it this way: *"Under al tawhid, the life of the Muslim falls under constant monitorship. Allah knows everything, and everything is recorded and counts for its author whether for good or ill. God's will is indeed relevant, and His patterns are to be observed. Man's objective therefore ought to be the worldwide actualization of the divine patterns."* (Al-Faruqi, 1986, p. 91).

4.7 Tawhid

It is useful to start by positing that Islam, according to the Muslim understanding, is not a historical incident whose beginning is traced to the time of the Prophet Mohammad and the revelation of the Quran to him (Naquib Al-Attas, 1995). Islam, which means peace as well as submission and surrender to the will of the Creator, began with the creation of the world. Everything created submits naturally to the Creator, and by their mere existence, declare His oneness (Qutb, 1991). This is the essence of the fundamental principle of faith which states *"there is no god but God."* The Arabic term for this concept is *Tawhid* or Unity of the Creator. Thus, a whole civilization is compressed in one statement. As Al-

Faruqi puts it: *"All the diversity, wealth and history, culture and learning, wisdom and civilization of Islam is compressed in this shortest of sentences –la ilaha illa Allah (There is no god but God).* (Al-Faruqi, 1986, p. 10).

Tawhid, as W. Chittick (1995) explains, stands outside history; it is a universal truth and an inherent quality of the original disposition of man. Ontologically, the objective reality is governed by *Tawhid*. In epistemological terms, the human soul always already knows its Creator and is naturally disposed to behave in harmony with the laws governing the universe. Knowledge of the reality of the universe is latent within every soul, and the laws in the universe are informed by *Tawhid*. Therefore, the Unity of the Creator governs everything.

The *Tawhid*-based worldview has led Muslim scholars to pursue scientific research as leading essentially to the truth of religion (Nasr, 1981). For them, the physical laws maintain order and continuity for the universe while the religious belief system maintains balance and harmony for the social order, and thus constitute the basis for ethics and aesthetics that guide the human quest to establish civilization on earth.

4.7.1 Tawhid and the Principle of the Ummah

In Islam, based on the foundation of Tawhid, the purpose of human groupings is belief and adherence to the very purpose of creation (Qutb, 1991). Social systems should not be based on ethnicity, nationality, or country, for these are limiting in scope and centric in essence. Islam transcends beyond these and aspires to create a universal social order whose noble purpose is the good of the entire human community. The term that Islam uses is the Ummah: *"This is your Ummah – one, united and integral – and I am your Lord. Serve Me."* (Quran, 21:92). However, as Hasnan Hakim argues, *"the power of the ummatic [an adjective from the term Ummah] concept does not necessarily negate ethnocentricity or the natural tendency of mankind to have pride in their personal characteristics, cultural background or ethnic origin. The Tawhidic [an adjective from the term Tawhid] principle delineates that diversity in an Ummah is a strength and not a weakness."* (Hakim in Ibrahim and Hakim, 1996, p. 181).

Al-Faruqi provides a good definition of the Ummah and contrasts it with the various terms used to describe social groupings: *"The term Ummah is not translatable and must be taken in its original Islamic Arabic form. It is not synonymous with the 'people', or 'the nation' or 'the state', expressions which are always determined by either race, geography, language and history, or any combination of them. On the other hand, the Ummah is translocal, not determined at all by geography considerations. Its territory is not only the whole earth, but all of creation. Neither is the Ummah restricted to any race. It is transracial and regards all humanity as its actual or potential members... The Ummah is the social order of Islam."* (Al-Faruqi, 1986, p. 105).

4.7.2 Tawhid, the Ummah and Social Dynamism

The Ummah, as founded on the premise of Tawhid, gives rise to a society that is organically interdependent (Naquib Al-Attas, 1995). Since all members of society work toward the overall good of the community, they are mutually supportive. The Prophet Mohammed compares the Ummah to the human organic body; if one part of the body ails, the whole body responds in pain. Organicness as the foundation of the social fabric is a natural consequence of the Ummah-based worldview. In the words of Al-Faruqi: *"To deny organicness, therefore, or the need of the Ummah, is to assume as good the detached existence of individuals isolated from one another in a way which not only makes Islam impossible but equally makes civilization –indeed human life itself- impossible and unthinkable."* (Al-Faruqi, 1986, p. 124).

This Ummah-based worldview is at the heart of the communitarianism, discussed above, that promotes economic justice and is as such in line with Moral Cosmology theory (Nancy Davis and Robert Robinson, 2006). In the Quran, the successful members of the community are *"those in whose wealth they recognize a right of the needy and the deprived."* (Quran, 51:19). They are *"brethren ... whose hearts have been wound up around Him in mutual love of one another."* (Quran, 48:29).

The Muslim person, as shaped by the Quranic principles, becomes an integrated whole, an indivisible personality. Tawhid only further strengthens this wholeness of character as it represents the central locus of his attention and efforts. It becomes indeed the very *raison d'être* of his existence. This character building has direct implications for the larger community of which the individual

is part. In the words of Qutb: *"The concept of the Oneness of Allah integrates the powers of an individual just as it integrates the powers of a community ... And this concept prevents disintegration of the individual personality and dissipation of community cohesion."* (Qutb, 1991, p. 199).

In the preceding Sections, I have argued that there is a need for a major institutional reform and new management thinking in the Arab world. The foundational principles of this new management thinking will be far reaching if they stem from the worldview that governs the value and belief systems of the people in this region. Following that, I have outlined the most important features of the Islamic worldview which can be summarized as follows: the belief in Tawhid which results in a sense of purposefulness and a positive social dynamism; values and their impact on social relationships that promote the collective good; holistic thinking that considers both the self and the other as integral elements in the complex web of relations; purposefulness and morality that remind one that every action he performs in the universe is intricately connected to a grand network of meaning and purpose.

All these foundational principles have deep implications on human behavior and the way a social system would be established. People who believe in these principles behave accordingly and treat each other in fairness and dignity. Despite the real potential benefit of these principles for organizational behavior and organizational management, little research exists on the implications of Islam as a worldview on management thinking. Hence this study which, it is hoped, will fill this knowledge gap and provides an alternative framework for management researchers and practitioners on how organizations may be managed for better and sustainable results.

5. Research on Islam and Management

There is an obvious dearth in the literature that links Islam to management thinking. This constitutes a serious knowledge gap in the Arab intellectual tradition. One can conclude that the religious discourse is largely detached from the institutional and organizational issues and concerns. When scholars refer to specific principles governing trade or commercial dealings, the language is cloaked

in purely religious terms. Except in the fields of economics and finance, not much has been written on the Islamic perspective on the various organizational and management issues discussed in contemporary management studies.

The twentieth and twenty-first centuries have witnessed very few studies on the way Islam influences management thinking and practice. The general feature of these studies is a focus on Islamic work ethics. No attempt has been made to put forward an integrated framework that reflects the essential dimensions of the Islamic worldview, the vision of Islam for human systems such as organizations, and the implications for human resources theory and practice. Likewise, no attempt has been made to propose a practical model for Muslim managers, leaders and practitioners to find solutions to the issues that hold their organizations back.

Numerous cultural studies in international human resources management have attempted to show how national business systems and country specific values have shaped management strategy (Sparrow, 2004). Indeed, there is a substantial gap in the international human resources management literature on Middle East economies in general. Furthermore, where studies exist, there have been no detailed assessments of how Islam shapes organizational behaviour and how it is deeply embedded in everyday social and work practices. Commentators are now recognizing that human resource management theorizing and critiques have been largely conceptualized within western management frames of reference and bear little relations to the realities of business culture in many Middle Eastern societies (Mellahi and Budwhar, 2006; Metcalfe, 2006).

In the following, I will explore the available literature on Islam and management.

5.1 Islam and Management

A dominant feature of the available literature on the implications of Islam on management focuses on a number of dominant themes. One common thread that unites all these themes is the sense of purposefulness that Muslim managers and leaders have to embody in their actions and behaviors. This sense of purposefulness promotes the very *raison d'être* of the Shariah i.e. to attain *falah* in life and establish civilization for the systemic good (Abdul Hakim, 1993; Al-

Faruqi, 1986, 2000; Nasr, 1981; Naquib Al-Attas, 1995; Qutb, 1991). These themes are as follows:

5.1.1 The importance of Values and Trust for Organizational Effectiveness:

Values, as the literature on Islamic worldview has revealed, are at the heart of the meaning of a Muslim's behavior and existence (Al-Faruqi, 1982). They impact every aspect of the individual as well as the social life. In management literature, Muslim writers have placed a great emphasis on the importance of values for organizational effectiveness.

Al-Banna and Al-Anani (1982) put forward the concept of the "common moral values" as the main focus of the Islamic approach to management. Common moral values constitute the common ground that pulls the energy of the organization and the employees toward a common goal. According to Al-Banna and Al-Anani (1982), the Quranic text that deals with management issues puts the individual at the heart of its focus. A Muslim manager is required to give special attention to the human resources and their contribution to the organization. The relationship of the manager with the employees is characterized by a human touch and is centered on moral values and ethical conduct. The following verse from the Quran sums up this values-based human approach to organizational management:

"It is part of the Mercy of Allah that you deal gently with them. Were you severe or hard-hearted, they would have broken away from you: so pass over their faults, and ask for (Allah's) forgiveness for them; and consult them in the affairs (of the moment). Then, when you have taken a decision, put your trust in Allah. For Allah loves those who put their trust (in Him)" (Quran, 3:159).

So for Al-Banna and Al-Anani (1982), the "common moral values" constitute the common ground for employees and managers alike, and a common language to share, which creates a culture conducive of mutual support, respect, and drive for results.

Al-Khadiri in Al-Burai and Mursi (1995), argues that the Islamic management thought considers organizations as an extension of society. Therefore, they should abide by the same Shariah provisions and rulings that regulate individual and social affairs. For him, abiding by the overall system of

values as stipulated by Islam supports organizations to contribute to the overall societal welfare and prosperity.

Al-Omar (1999) provides a useful survey of the Islamic literature on the pivotal place of values in the management thought of Muslim scholars and researchers. These values are thought to have a direct impact on the effectiveness and efficiency in organizations. Besides this literature, Al-Omar refers to the Quran and the tradition of the Prophet Mohammad as sources of values that have the potential to secure for society its stability and sustainability. For him, one major characteristic of Islamic management thinking is its holistic view of life and its direct link of management ideas with spirituality. Managing in accordance with values is part of a bigger purpose i.e. to establish civilization for humanity to live in harmony with the universe. Values not only contribute to the success of organizations but they also sustain the larger environment and serve the purpose of creation.

Other Muslim writers have theorized about the potential motivating power of values (Ali, 2005; Al-Attas, 1995; Al-Faruqi, 1995; Chapra, 1993; Noor, 1999; Izutsu, 2004; Beekun and Badawi, 1999).

The Western management literature on the importance of shared values in organizations is varied and rich. Often, the terms purpose, vision, objectives and goals are used interchangeably. Likewise, the term “values” is used synonymously with such terms as ethical standards, principle-based behaviour and the like.

Schein (1992) argues that organizational cultures can be analyzed at three levels: (1) visible artefacts; (2) espoused values, rules and behavioural norms; and (3) tacit, basic underlying assumptions. For Schein, “*culture is deep, pervasive, complex, patterned, and morally neutral*” (p.48). One may misinterpret behaviour on the surface through his/her own cultural prejudices. The only way to properly understand people’s visible artefacts and values is by analyzing the deep assumptions. “*If the espoused values are reasonably congruent with the underlying assumptions, then the stimulation of these values into a philosophy operating can be helpful in bringing the group together, serving as a source of identity, core mission*” (p.21). Schein here echoes Argyris and Schon's (1978) espoused theory and theory in use. For Schein, culture manifests at the level of artefacts, shared espoused values, and rules of behaviour, but “*it is important to*

recognize in analyzing culture that artefacts are easy to observe but difficult to decipher, and that values may only reflect rationalizations on aspirations” (p.26).

There is considerable literature on the impact of trust in organizations and leadership. Robbins (2002) establishes that trust is the essence of leadership; it makes the flow of knowledge in organizations easier and cooperation more effective. Bartolome (1989) discusses the impact of trust on the boss-employee relationship. Schindler and Thomas (1993), McAllister (1995), and Pillai et al. (1999) discuss the relationship between trust and interpersonal skills of cooperation in organizations. Cunningham and MacGregor (2000) treat the issue of how trust-based work environment positively influences team performance and employee satisfaction.

Goleman, Boyatzis, and McKee (2002), in their call for the importance of emotional intelligence in organizations, argue that people’s deep-seated values reveal profound differences in their operating philosophies. They distinguish between pragmatic, intellectual and humanistic philosophies, and state that *“the central theme of humanistic philosophy is that close personal relationships give meaning to life. People with this philosophy are committed to human values. They assess the worth of an activity in terms of how it affects their close relationships” (p123).*

Spitzer (2000) asserts that *“while ethics is not quantitative or a hard parameter, it is not just fluff. Good ethics, like any other aspect of management, takes creativity, attentiveness, courage and discipline” (p. 207).* He draws a comparison between different schools of thought and their approach to ethics. Thus the Utilitarian/Consequentialists are concerned with weighing harms and benefits: particular actions are not intrinsically bad or good; only consequences tell us whether they are. On the other hand, the Deontologists believe that actions are good or bad in themselves. Spitzer however calls for a principle-based ethics and proposes a number of virtues such as self-discipline, perseverance, humility and forgiveness.

Klein and Izzo (1999) make the case that the spiritual dimensions can never be amputated from work, and call for personal passion at work, *“a quest for the authentic self, the inner core that Meister Eckhart called the divine spark within.” (p. 67).* For Klein and Izzo, there is a difference between bringing authentic self to work and persona, the corporate soul and corporate mask. Through awakening the

authentic self, people in organizations touch their deeper values, unleash commitment as opposed to the shallow level of engagement that the persons can give. The authors call for spending time articulating cherished values and aligning them with those of the organization.

Kouzes and Posner (2002) advocate that leaders should be clear about their core values otherwise they change their position with every fad or change. They assert, based on empirical research, that *“values influence every aspect of our commitments to personal and organizational goals”* (p. 47). They also add that values guide action, are empowering and contribute to motivation. They back up their contentions with empirical research by such authors as Posner and Schmidt (1992, 1993), Posner and Westwood (1995, 1997), Kouzes and Schmidt (1985), Haas, Sypher, and Sypher (1992). This empirical research confirms that: *“shared values do make a significant difference in work attitudes and performance: they foster strong feelings of personal effectiveness; they promote high levels of company loyalty and they facilitate consensus about key organizational goals and stakeholders: they encourage ethical behaviour; they promote strong norms about working hard and caring; they reduce levels of job stress and tension; they foster pride in company; they facilitate understanding about job expectations; they foster teamwork and esprit de corps”* (pp. 79-80).

Research conducted by Collins and Porras, (1994) confirms that corporations based on shared values outperform other firms by a huge margin. O'Reilly and Pfeffer (2000) show that *“the source of sustained competitive advantage for organizations begins with a values-based foundation, upon which management and leadership practices are built that reflect and embody these values”* (p. 81).

Stevenson (1995), as quoted in Kouzes and Posner (2002), argues that leaders must engage their followers in a continuous dialogue about values, through a process which is *“forged, not forced”* (p. 83). O'Reilly and Cladwell (1985) and O'Reilly (1989), in Kouzes and Posner, show that there are three central themes in the values of highly successful, strong-culture organizations: high performance values that stress commitment to excellence; caring values that stress how people are to be treated; uniqueness values that show how the organization is different from all others. *“These three common threads are central to weaving a values tapestry that leads to a shared commitment to greatness.”* (p. 94).

In Kouzes and Posner (2002), Kaye and Jordan-Evans (1999) argue that people like their work because they find it challenging, meaningful and purposeful. Novak (1996), Leider and Shapiro (2001), and Palmer (2000) all advocate the importance of purpose and shared vision in organizations. Burns (1978), as quoted in Kouzes and Posner (2001), argues that: *“transformational leadership occurs when, in their interactions, people raise one another to higher levels of motivation and morality. Their purposes, which might have started out as separate but related ... become fused ... But transforming leadership ultimately becomes moral in that it raises the level of human conduct and ethical aspiration of both the leader and the led, and thus it has a transforming effect on both.”* (p. 153).

Kotter (1996) argues that vision, which may be described as a feature of purposefulness, clarifies the general direction of change, motivates people to take action in the right direction, and helps coordinate the actions of different people in fast and efficient ways. Kotter also advocates what he calls a sense of urgency, which takes *“great cooperation, initiative, and willingness to make sacrifices for many people”* (p. 35).

In the previous section, I have described the first theme common in the literature about the implications of Islam for management i.e. the importance of values and trust for organizational effectiveness. They contribute to creating an environment of understanding and mutual support. Values not only contribute to the success of organizations but they also sustain the larger environment and serve the purpose of creation. In the next section, I will explore human motivation from the perspective of Islam and its implications for people's behavior in organizations.

5.1.2 A Holistic View of Human Motivation

Stemming from the concept of holism as a fundamental characteristic of the Muslim mind, human motivation needs to be essentially holistic and comprehensive. Muslim management writers have emphasized this issue. Mohammed O. Al-Ibrahim (1988) compares and contrasts motivation theories in the West and the view of Islam on human nature and the driving forces that motivate it. For Al-Ibrahim, Islam recognizes the natural human needs, which if

satisfied, contribute to motivating the self to higher levels of activity and achievement. Holistic in outlook, the Islamic perspective recognizes three major sources of motivation: (a) materialistic, (b) moral and ethical, and (c) spiritual. For Islam, the spiritual motivators should be the primary source of energy and power, because they take human potential beyond the self-centered interests. Once the motivation is God-centered and spiritually driven, the human activity becomes holistic in scope and far reaching in impact.

At the individual level, Qasim in Al-Burai and Mursi (1995), discusses motivation of individuals in organizations. For him, motivation needs to be holistic in perspective such that it does not neglect the spiritual needs of the individual. Organizations upholding values and ideals in fact create the appropriate environment for individuals to live by the religious values that constitute their belief system. In this way, the organization becomes yet another social space for the individual to practice his or her values. This has the advantage to avoid a situation of alienation for the individual and create a strong motivator for him or her to better contribute to the success of the organization and society at large.

Jabnoun (2005) agrees with the above authors that motivation needs to be holistic in perspective. He adds, however, the dimension of the unity of goal and the importance of strategic planning as important motivators in organizations. Equally important, according to Jabnoun, are reward and punishment. He bases his argument on a number of Quranic verses and sayings of the Prophet and his companions. In the Quran, we read: *"Then anyone who has done an atom's weight of good, shall see good. And anyone who has done an atom's weight of evil, shall see it"* (Quran, 99:7-8). Recognition of good performance is important to keep the person continuously motivated: *"We never waste the reward of anyone who did good"* (Quran, 18:30). People need to be rewarded for the efforts not just the achievements as illustrated in the following *hadeeth* (saying by the prophet): *"Whoever puts an effort and succeeds gets two new rewards, and whoever puts an effort and does not succeed gets one reward"* (quoted in Jabnoun, 2005, p. 231).

5.1.3 Leadership Competencies

Leadership for Muslim management writers is a function of the individual serving the community in the first place. The required competencies in a leader will have to guide his or her behaviour to the right decision that serves the interests of the social system and the organization they serve.

Ibn Taymiyyah, in Ahmad (1995), who lived in the seventh century Gregorian, wrote a thesis on the management of public institutions. He stipulated a number of behavioural competencies in a leader such as trustworthiness, seasoned judgment, and knowledge seeking as necessary conditions for leadership that leads to effective and efficient public service institutions.

Al-Ghazali, in Ahmad (1995), in the eleventh century Gregorian, is famous for his thesis which comprised a historic set of guidance that leads to the best behaviour. He dedicated it to a king during his time. Like most Muslim scholars, Al-Ghazali would regard the success of social and political institutions as a natural extension of the role of a Muslim namely to contribute to the growth and development of life for human species, nature and animals. All these constitute a large environment where life grows and develops. In their quest to promote life for the systemic good, human institutions need to abide by the ethical principles which, as the Quran promises, would naturally lead to prosperity in life and success in the afterlife. All Muslim scholars have this particular view of what may be called a super-ecosystem that includes life in its entirety but also takes afterlife into proper perspective. So fraud and corruption are not allowed, not only for their limited financial and institutional implications, but because they disrupt life's harmony.

Likewise, Al-Farabi, known in the West as Averroes, who lived in the eleventh century Gregorian, is famous for his Ideal City. Aloof from corruption rampant in society, he conjured up an imaginary city that leaders and statesmen should aspire to make a reality. In such city, people cannot but engage in relationships and exchange because human beings have a natural tendency to live in communities and larger societies.

For Al-Farabi, leadership qualities are both natural and acquired. They can be nurtured and developed. But the best way to self-development is through the

acquisition of high moral qualities. Ethics and value systems facilitate exchange and encourage mutual respect (Abdulhadi, 1986).

Contemporary Muslim writers on leadership did not depart much from the Muslim classics in this area of research. One common theme is the concept of the servant-leader, best epitomized in the character of the Prophet Mohammed who emphasized the concept that the leader of a community is their servant. Another common characteristic of this research is the tendency of the authors to propose a list of characteristics that would distinguish a leader from a non-leader. These characteristics generally include: 1. the technical capabilities in a leader and the level of knowledge that he or she possesses to give the right direction to the team; 2. the inter-personal competencies and the ability to motivate others. This requires one to be a role model for the others so that they can see the leader's words in action; 3. the intra-personal maturity and emotional intelligence, which allow the leader to deal with everyone in fairness and not based on personal preferences; 4. the consultative process of decision-making *shura*, which involves the team members when decisions are made (Abu Sinn, 1984; Kanaan, 1985; Al-Jabiri, 1994; Beekun and Badawi, 1999; Al-Baqri, 1987; Al-Aliyy, 1985; Al-Dhahyan, 1986; Al-Talib, 1991).

Noor (1999) is among the first modern Muslim management writers who have proposed an integrated model for organizational effectiveness based on the Prophet Mohammed's leadership paradigm. The major dimensions of this paradigm are: 1. Alignment which takes its roots from Tawhid and thus inspires a sense of mission and purpose. 2. Attunement to the systemic purpose and mission, which incorporates the shared communal values such as commitment, trust, mutual respect and working for the overall good. 3. Empowerment induces the leader with more responsibility and accountability for the community, thus embodying the role of the vicegerent (*khalifah*) of God on earth. *"When all these three elements have been addressed, then we have al-falah, which gives synergy – the total convergence of the elements into a symbiotic whole. Synergy entails the attainment of success and prosperity for all who share the common vision of greatness"* (Noor, 1999, p. 3).

Within the integrated model for leadership effectiveness, Noor proposes a set of competencies and behavioral conduct that assist leaders in managing their

teams and achieving effective results. These competencies are: mutual consultation, justice, freedom of expression, personal integrity, enhancement of relationships, leadership efficacy, ethical conduct, and moral uplift through spiritual knowledge. Noor presents a series of events and landmarks in the history of Islam where leaders embody through their decisions and behaviors some of the competencies that are in harmony with the Muslim worldview and which, at the same time, led to results for the Muslim community at large.

6. Implications for Research and Knowledge Gaps

In this Chapter, I have argued that the Middle East needs a major institutional reform and a new management thinking that will help the region move away from its backwardness. The impact of this new management thinking will be higher and more sustainable if its concepts stem from the worldview that governs the value and belief systems of the people in this region, which is Islam. The body of research that I have reviewed reveals that most research on the implications of Islam on management argue that organizations can become very effective if they follow the foundations of the Islamic worldview such as Tawhid, the purposes of the Shariah, purposefulness, holistic thinking, the value system as the source of balance in the universe, among others.

However, little empirical research exists that examines how organizations managed on the basis of the Islamic worldview, or some aspects of it, become highly effective, create a culture of mutual support and aspire to achieve better results. Hence, this study which aims to fill this knowledge gap and provides an alternative organizational management framework for management researchers and practitioners based on the principles of the Islamic worldview.

The proposed framework is founded on the Muslim belief system which constitutes for most Muslims not only a religious reference but a way of life, the very code of conduct that guides every aspect of life and gives meaning to people's behavior. Furthermore, the framework takes Tawhid and its implications for thought and behavior as a foundation. Tawhid, as explained earlier, is the heart of Islam and as such influences every aspect of personal and collective life. One such implication is a sense of purposefulness that creates in one a creative energy

and a natural tendency towards strategic thinking. A third cornerstone of the proposed framework is the primacy of values and their positive impact on the network of relationships and organizational dynamics. The social fabric in a Muslim community is guided through a system of values that gives meaning to what is good and bad, what is right and wrong. Values constitute the core behavioral competencies that guide people in an organizational setting, thus promoting team work, information sharing, care for each other, mutual trust and integrity.

The premise of this framework is that management thinking and human resource policies and practices need to be established and designed on the basis of the worldview and local value system of a given people. In the case of organization management and human resource practices in the Middle East, there is a need to ground them in the value system and cultural heritage peculiar to the region. For this purpose, I have selected two organizations whose *modus operandi* is based on Islamic principles. They are both located in Jeddah, Saudi Arabia. The first is a private sector company in the field of edible oil. Its declared core values are inspired by fundamental Islamic principles and precepts. The second one is an international development bank that bases its very *modus operandi* on Shariah and thus reflects the major foundations of the Islamic worldview and value system.

Since this study cannot cover all the principles of the Islamic worldview and the implications of each on management thinking and practice, I will focus on three main themes. They are as follows: the impact of people's belief system, their value system and their sense of purposefulness on the dynamics of their daily interactions and behavior, and how this leads to organizational effectiveness and sustainable growth.

In the next chapter, I will explore the research methodology deemed most suitable for this study. This will be followed by the findings of the empirical research and some recommendations for future research in this field. It is the aim of this study to add to the existing body of knowledge in international human resource studies and comparative management theory, a new way of looking at management thinking and practice from the perspective of Islam. Therefore, the

findings of the empirical research, besides the literature reviewed, will form the basis of a new integrated management framework based on the Islamic worldview and whose aim is to contribute to organizational effectiveness and institutional reform that is badly needed in the region.

Chapter Four

Research Methodology

1. Introduction

This chapter examines the methodology that will be used in this study, which explores the implications of the Islamic worldview for management thinking and organizational behavior. More specifically, the study explores the impact of people's belief system, their value system and their sense of purposefulness on the dynamics of their daily interactions and behavior. The research and interviews are conducted in two organizations in Saudi Arabia. Given the nature of this study, a qualitative methodology is deemed most appropriate, using the semi-structured interviews. In what follows, I will explore the following: the assumptions of the qualitative research methodology and its value and relevance to this study, an overview of the setting where the research is conducted, and the research objectives. Then, I will present an analysis of the interviewing process where I explain the rationale for selecting the semi-structured interviews methodology, the data coding procedures and data analysis process.

2. Assumptions of Qualitative Research:

While quantitative methodologies focus on the measurement and analysis of relationships among variables, qualitative methodologies, according to Denzin and Lincoln (1994) place *"an emphasis on processes and meanings that are not rigorously examined, or measured, in terms of quantity, amounts of intensity, or frequency."* (p. 4). For Van Maanen (1983), qualitative methods are *"an array of interpretive techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world"* (p. 9, quoted in Easterby-Smith et al. 1991, p. 71).

Other authors have also argued for the relevance of qualitative research methodologies to organizational issues that require an interpretive process of deciphering the meaning that people assign to their local situations (Schein, 1992; Zamanou & Glaser, 1994).

Merriam (1988) makes the point that, in qualitative research, data are mediated through the researcher as the primary instrument, instead of inventories or questionnaires as in quantitative research. He also adds that qualitative research is descriptive where the researcher seeks to understand the meaning through words and narrative (Fraenkel & Wallen, 1990; Locke et al, 1987; Marshall & Rossman, 1989). Likewise, the qualitative research process is inductive where concepts and abstractions are derived from details. It is important to highlight in this context that my interpretation of the data collected and the respondents' responses is influenced by the fact that I adhere to the Islamic faith as a religion and a way of life. I am inclined to believe that people's beliefs and value systems have an impact on their daily behaviors in organizations and the way they construct meaning and make sense of the dynamics of their organizational life.

3. The Relevance of the Qualitative Methodology to this Study:

The nature of this study requires an interpretive analysis that allows the unraveling of how people perceive their belief system, the values they live by, and their sense of purposefulness, and their impact and relevance to their organizational dynamics and behaviour. People in organizations assign meaning to their actions and the actions of the others. This process of assigning meaning to actions is very much colored by their relative value system and cultural filters (Schein, 1992; Sathe, 1985; Trice & Beyer, 1993). As they interact among each other, they construct meaning, interpret and re-interpret it continuously.

This thesis pays special attention to the thinking process whereby the organization members make sense of their reality, how they construct meaning, how they come to learn together, the role of their collective purpose and their shared value system. It is important to understand the organization members' view of their context, what constitutes the social web of relationships with the others, their process of *verstehen* (Weber, 1947). The qualitative methodology is most suited here because meanings and interpretations emerge through discussions between the researcher and the respondents, whose realities the researcher seeks to reconstruct (Lincoln & Guba, 1985; Merriam, 1988).

The qualitative approach, which has phenomenological roots, views reality as socially constructed and given meaning by people (Morgan & Gibson, 1979; Weick, 2001; Fay, 1990). Epistemologically, the thesis deals with the kind of organizational phenomena that are constructed through the interaction of the organization members and thus lend themselves to different interpretations (Daft and MacIntosh, 1981).

Organizations, seen from this perspective, become spaces for individual "expressions of diverse qualities" to use Lynda Gratton's (2004) phrase. The interpretivist qualitative approach helps us understand and appreciate the multiple realities of respondents (Lincoln and Guba, 1985). Often, within these multiple realities lurk the intuitive knowledge of the organization members, that only an interpretivist method can hope to unravel and understand. The respondents' tacit knowledge cannot be easily quantified.

Typical quantitative research methods emphasize on associating numeric values to phenomena in a social context. Such methods usually lead to hard numbers and statistics and are thus considered more reliable and precise. However, Bobby Calder (1980) argues that the perceived superiority of quantitative methods is a misconception. According to him: "*[], everyday thought seems so natural that the individual may not be aware that it is subjective, and not objective, reality. The individual may have little awareness of everyday thought as an explanation of his behavior. For the individual, it is simply the way things are.*" (p. 400). Consequently, the qualitative methods are the most suitable when the research is about understanding the perceptions, meanings and interpretations people give to their daily thought.

The impact of a given belief system, the core values and the sense of purposefulness, entail an intricate and nonlinear web of relationships and interactions among an organization's members, out of which emerge behaviour patterns. In the case of this study, the respondents' accounts of their reality, and how they view the impact of their belief system and core values on their daily life, cannot be captured through the quantitative methods' emphasis on measurement and analysis of relationships among variables (Denzin and Lincoln (1994).

Consequently, a qualitative approach is most suitable as it emphasizes processes and meanings rather than quantity, amount, intensity, or frequency (Denzin & Lincoln, 1994). This approach complements the growing research in management and organizations, which acknowledges the social and political processes that shape organizational behaviour, and the need to unravel the dynamics of relations in organizations. (Stacey, 1996; Morgan, 1997).

In what follows, I will present an overview of the research setting.

4. Overview of the Two Organizations Under Study:

This study was conducted in two organizations located in Jeddah, Saudi Arabia. The first one, referred to here as 'Arabian Star', is one of the largest companies in Saudi Arabia. It has a widespread presence in the Gulf, North Africa and Central Asia. The second one, referred to here as 'The People's Organization Group' is an international multi-lateral financial institution. It is the only one of its kind in the entire Islamic world. Owned by 56 member Islamic States, the People's Organization Group finances development projects in its member States in accordance with the principles of the Shariah.

Both organizations have a declared set of core values that is explicitly influenced by the Islamic worldview. While the first organization is a commercial company that is driven by profit for its shareholders, the second has the ideal mission of contributing toward the development of its member States through Islamic modes of financing, and a vision to alleviate poverty in these States. However, both aspire to achieve their objectives and vision while inspired by core values that derive their meaning straight from the Quran and the Prophet Mohammed's lifestyle.

These two organizations are selected because they have become such success stories in Saudi Arabia. Besides, I have first hand knowledge of both organizations. In the case of Arabia Star, knowing the CEO gave me easy access to the respondents. To achieve a high level reliability of findings, it was extremely important to gain the trust of the respondents, since the study involves their reflections on their daily realities.

In the case of the People's Organization, I have worked with them for a few years. This has given me two advantages at least. On the one hand, I am familiar with the overall culture and internal dynamics of the organization. This has proven useful because I can easily relate to many of the stories shared by the respondents; they make sense to me, which make the information gathered more reliable. On the other hand, working in this organization has given me the advantage of access which would not have been as easy in other organizations.

I have mentioned above that being familiar with these organizations and the levels of comfort and trust gained, have allowed me to dwell at great length with the respondents on the issues being researched. The depth of the discussions, supported by the respondents' stories, gave the data a strong base for reliability. In the case of some stories, I could easily relate to their background and truthfulness, especially in the People's Organization. Consequently, the sample of respondents, namely 110 respondents, is considered large enough to collect enough reliable data for the purposes of this study.

4.1 Organization 1: Arabian Star:

4.1.1 Brief Description of the Company:

Arabian Star is a subsidiary of a larger mother company. Its main activities are manufacturing, marketing and selling edible oils. Arabian Star's mission is to manage and grow a portfolio of successful edible oils and fat brands in the Saudi and Gulf markets, and to be the role model of a successful company while striving to create an enjoyable work place where Arabian Star high work ethics reign. Role model means a highest return on shareholders' equity, leading innovation, fulfilling local needs, and becoming a world-class user of leading edge systems and processes.

Arabia Star was founded in the 1970s as a manufacturer of edible oils in Saudi Arabia. In the beginning of the 1980s, the Company started commercial production such as Soya and corn oil. Today, the company produces a variety of brands of corn oil, palm oil, and sunflower oil in Arabia. It is enjoying a stable and steady market share in Saudi Arabia and the Gulf countries of about 71%, with

products distributed in 99% of Saudi Arabia outlets and exports in many countries.

Arabian Star has some distinguishing strengths; however, it faces some challenges. It boasts of a highly qualified management team and employees, core competencies in marketing and market research, commodity research and raw materials purchasing, new product development, operational excellence, and world-class sophisticated management techniques coupled with strong ethical values. The Company however faces major external challenges such as highly volatile raw material prices, competition, World Trade Organization regulations, economic stability both regional and worldwide, and changes in consumer preferences. Internally, the Company faces the challenge of recruiting and retention of highly qualified management and staff.

4.1.2 Brief Description of Sample Respondents:

In Arabian Star, the total number of employees is around 1000. Out of them, around 65 were interviewed. They represent 7 nationalities, mostly from Arab countries. The total number of languages spoken among the respondents are 3 namely Arabic, English and French. Most of them are married and their age ranges between 26 and 43.

In the process of the communication with the company for access, the researcher requested that the selected respondents cover the various levels in the company hierarchy. Thus 8 respondents are at senior management levels, 20 at middle management levels such as line supervisors, and 37 are individual contributors. They cover three areas of activity namely sales, marketing and information technology. (Annex 6 includes more details about each respondent).

It is worth mentioning that all respondents in Arabian Star are Muslim males. This is due to the fact that at the time this study was conducted, Arabian Star was not employing females. However, this was not limited to Arabian Star. Most companies in Saudi Arabia, at the time of the research, would not have allow men and women work together. Therefore, access to female employees usually proves difficult unless the researcher is female.

On the other hand, all respondents are Muslims although the Saudi labor law does not prohibit employing people of other faiths. Had there been non-Muslim employees, it would have been interesting to explore with them their experience in an organizational context where employees adhere to a given set of values and get inspired and motivated by working for a higher purpose.

4.2 Organization 2: The People's Organization Group:

4.2.1 Brief Description of the Group:

The People's Organization Group is an international development financing institution established in pursuance to the Declaration of Intent issued by the Conference of Finance Ministers of Muslim countries in 1973. It formally started its activities in 1975.

The Headquarters of the People's Organization Group is in Jeddah, Kingdom of Saudi Arabia, with three regional offices in three member countries. Arabic is the official language but English is the working language. French is also used.

The span of about three decades of existence has been for the People's Organization Group a period of significant strides. Starting its journey as a unique financial institution based on the principles of Islamic Shariah, it has not only successfully attained a respectable position among the multilateral development financing institutions, but also proved to be a model emulated by similar institutions.

The purpose of the People's Organization Group is to contribute to and enhance economic development and social progress of member countries and Muslim minorities in non-member countries. It has started with a membership of 22 countries in 1975. At present, the membership of the Bank consists of 54 countries. Each member country is represented on the Board by a Governor and an alternate Governor of ministerial status. The Board of Governors meets once every year to review the activities of the organization for the previous year, and to decide future policies.

Besides the Board of Governors, the People's Organization Group has a Board of Executive Directors which is composed of fourteen members, seven of whom are appointed and seven elected. The President of the Bank is elected by the Board of Governors for a renewable term of five years. He presides over the Board of Executive Directors as well as the administrative apparatus of the Bank.

The authorized capital of the People's Organization Group is US\$ 20,000,000,000 (twenty billion). The Group formulates its policies taking into account the socio-economic conditions of its member countries. It pays greater attention to projects in the least developed member countries. It also endeavors to promote foreign trade activities among the member countries in commodities of a developmental nature. Projects which have priority in economic development and social progress in the member countries are given special attention.

Up to the end of 2002, the People's Organization Group approved a cumulative total of 3645 operations valued at more than US\$ 26,000,000,000 (twenty six billion) for the financing of projects, technical assistance, and trade operations. These projects are financed through several modes of financing namely, provision of loans for infrastructure projects such as roads, communications, dams etc, and projects of socio-economic character such as schools, hospitals etc, on interest-free basis according to the Islamic Shariah. Other modes of financing are equity participation in the capital of agricultural and industrial projects, leasing, installment sale, provision of technical assistance to member countries, and financing of trade.

The People's Organization Group has several subsidiaries that constitute the People's Organization Group. These subsidiaries cover a wide range of activities such as Islamic banking, investment, export financing, private sector financing, insurance of investment and export credit, infrastructure, research and training, and bio-saline agriculture.

For the purposes of this study, two subsidiaries have been selected namely, private sector financing and insurance of investment, henceforward referred to as Private Sector Corporation and Insurance Corporation.

The Private Sector Corporation was established in 1999 as an entity to deal with the private sector in the member countries of the People's Organization

Group. The mission of the Private Sector Corporation is to complement the role played by the People's Organization Group through the development and promotion of the private sector as a vehicle for economic growth and prosperity. The authorized capital of the Private Sector Corporation is US\$ 1.0 billion. Its main objectives are: identifying opportunities in the private sector that could function as engines of growth; providing a wide range of Shariah compatible financial products and services; expanding access to Islamic capital markets by private companies in People's Organization Group member countries.

The Insurance Company was established in 1994 with an authorized capital of US\$ 150 million. Its mission is to enlarge the scope of trade transactions and the flow of investments among the People's Organization Group member countries through the provision of insurance for investment and export credits executed in accordance with the principles of Shariah. In fulfillment of this objective, the Insurance Company provides insurance and reinsurance to cover the non-payment of export receivables resulting from commercial (buyer) or non-commercial (country) risks.

The Insurance Company conducts its activities in conformity with the Shariah principles. Thus it endeavors to achieve mutual cooperation between policy holders through the collective sharing of losses; it distributes the surplus that may accrue from the insurance and reinsurance operations to policyholders; it refrains from covering contracts for the sale of goods prohibited under Shariah, as well as interest accruing from export credit or investment loans, and it invests its own funds in accordance with Shariah principles.

The People's Organization Group, the Private Sector Corporation, and the Insurance Company, all constitute the People's Organization Group. The Group has adopted a strategic framework that constitutes its vision, mission statement, and core values. The People's Organization Group's vision is *"to be the leader in fostering socio-economic development in member countries in conformity with the Shariah."* The vision brings out the Group's distinctive character as an Islamic development financing institution.

On the basis of the above vision, the Group's mission statement is formulated as follows: *"We are committed to alleviating poverty; promoting human*

development, science and technology, and Islamic banking and finance; and enhancing cooperation amongst member countries in collaboration with development partners." (Annual Report, 2003). The mission statement underscores the idea that individually, member countries are too small to stand on their own, and therefore need to cooperate among themselves.

People's Organization Group is an international aid and development body, yet it is quite unique in several ways. It is the only development institution that bases its financing operations on Shariah principles. It stands as a model for similar donor organizations in its member countries, as well as for the non-governmental organizations (NGOs), and the commercial banks. The number of Western banks opening Shariah-based commercial transactions is growing steadily.

People's Organization Group is also distinct through its focus on financing intra-trade operations among member countries. Trade transactions are acceptable when the commodity involved originates from and goes to the member countries. Transactions have to conform to Shariah.

The Organization has a unique lending policy not to impose political conditions on the member countries for them to receive aid or financing for projects. It does not interfere in the social or educational agendas of the member countries. Its primary focus is to play the role of a catalyst in the development process of its member countries. Recently, for instance, the Organization has placed a major emphasis on women education and development, and has mobilized resources from the private sector to support the local NGOs.

Like in Arabian Star, all respondents in the People's Organization are Muslim males. Although the People's Organization is an international organization where 56 member countries are represented, internal policies stipulate that the Organization has to respect the local norms and culture of the host country i.e. Saudi Arabia. Consequently, males and females do not share the same work space. Likewise, there were no non-Muslims among the respondents. Their views would have added an interesting dimension to this study had they been represented.

4.2.2 Brief Description of Sample Respondents:

In People's Organization Group, the total number of employees is around 1200. Out of them, around 45 were interviewed. They represent 10 nationalities, from various Muslim countries, even from non-Arab countries. The total number of languages spoken among the respondents are 8 namely Arabic, English, French, Urdu, Bengali, Bosnian, Turkish, and Indonesian. Most of them are married and their age ranges between 31 and 56.

The selected respondents cover the various levels in the organization hierarchy. Thus 10 respondents are at senior management levels, 15 at middle management levels such as team leaders, and 20 are technicians and engineers. They cover five areas of activity namely operations, IT., private sector, insurance, and minorities' affairs. (Annex 7 includes more details about each respondent).

5. Research Objectives:

This study aspires to achieve two objectives. The first is to explore the implications of the Islamic worldview for management thinking and organizational behaviour. More specifically, the study explores the impact of people's belief system, their value system and their sense of purposefulness on the dynamics of their daily interactions and behavior. This will be a contribution to the existing research in Arabic Muslim scholarship that has attempted to ground management theory and practice within an Islamic philosophy (Al-Banna and Al-Anani, 1982; Al-Burai and Mursi, 1995; Al-Omar, 1999; Ali, 2005; Al-Attas, 1995; Al-Faruqi, 1995; Chapra, 1993; Noor, 1999; Izutsu, 2004; Beekun and Badawi, 1999; Jabnoun, 2005; Abu Sinn, 1984; Kanaan, 1985; Al-Jabiri, 1994; Noor, 1999).

However, there is little empirical research on how significant the values of Islam are in shaping organizational and managerial processes, how they contribute to institutional effectiveness.

There is evidence in the research that the religiously-oriented approaches to social science issues are more disposed to a communitarianism that promotes egalitarianism and social justice; this research falls within the broader field of moral cosmology theory (Davis & Robinson, 2006). In the case of Islam, the religious framework is never alienated from the other aspects of social life: Islam is a way of life and thus its value system affects people's behaviour at work, at home, and in society at large (Schuon, 1976).

The second objective of this study is to present empirical data on the implications of the Islamic worldview for organizational behaviour in two organizations in Saudi Arabia. This empirical data is expected to add to the body of knowledge in the field of international human resources and organization studies, as well as the studies on the implications of Islam for management practice and organizational behaviour.

6. The Interviewing Process:

In this section, I will explain the rationale for selecting the semi-structured interviews for data collection, the research questions content and the issues they tackle, the data collection process and data analysis, and some ethical considerations.

6.1 The Semi-Structured Interviews:

Among the qualitative methods for gathering information, the interviewing method is deemed the most suitable. More specifically, semi-structured interviews will be used. They should provide the needed breadth to fathom out the respondents' views on the impact and relevance of their belief system, core values and purposefulness on the daily reality of their organizational life and behaviour.

Burgess (1982) describes qualitative interviews as a way to understand "*how individuals construct the meaning and significance of their situations ...from...the complex personal framework of beliefs and values, which they have developed over their lives in order to help explain and predict events in their world*" (as quoted in Easterby-Smith et al., 1991, p. 73).

The face to face interviews are used since the research will not involve observations in the field; rather, the respondents are engaged in discussions to reflect on historical events and how they make sense to them in the context of their current organizational reality (Merriam, 1988; Bogdan & Biklen, 1992).

6.2 Interview Questions Content:

In order to explore the impact of people's values, belief systems and purposefulness on their behaviour in organizations, a number of questions were designed to give respondents in the two selected organizations, the opportunity to tell their stories and unravel their experience.

The questions covered several organizational issues such as corporate culture, team dynamics, corporate strategy, commitment to the organization and others. However, the underlying theme in the questions is the impact of people's belief system, values and sense of purposefulness on the way their organizations are managed and how people behave in those organizations.

In what follows, I will summarize the major issues covered during the interview. The interview questions are found in Annex 8.

6.2.1 Values and Corporate Culture: The purpose here is to explore how the respondents view the impact of their value system on the way they behave and deal with each other. The issue of the dynamics of values and corporate culture is well researched (Schein, 1992; Goleman, Boyatzis, and McKee, 2002; Spitzer, 2000; Kouzes and Posner, 2002; Collins and Porras, 1994; Kotter, 1996; Argyris, 1994; Csikszentmihalyi, 2003; Raghieb in Al-Burai and Mursi, 1995; Al-Omar, 1999). In the course of the interviews, attention is also given to the difference between the espoused value system and the way people actually behave (Schein, 1992).

As indicated in the literature review, the values of Muslim social and work relations are a way of life and are likely to drive people's behavior and therefore give a more accurate meaning to their actions. The disconnect between the espoused belief system and the belief system in use is at the heart of a Muslim's integrity or the lack of it (Quran, 61:2-3). Muslim scholars have extensively written about this issue and argued that the history of the rise and fall of the Muslim civilization lies, among other things, in the level of people's integrity i.e. whether what they actually do matches what they declare as their belief system (Al-Faruqi, 1986; Qutb, 1991).

Another aspect of the dynamics of values and corporate culture is related to the way the espoused Islamic values influence the way people work together in teams, how knowledge is shared to achieve corporate goals, whether feedback on performance is shared, and how power relations are played out.

6.2.2 Purposefulness, Tawhid and Corporate Strategy: Another aspect that the interviews will explore is the implication of Tawhid on strategic thinking.

A Muslim's basic belief is that creation, and man's existence in life, are not essentially without a purpose (Al-Faruqi, 1986; Chapra, 1993). A strong sense of purposefulness engenders a high level of energy and hope that life is worth exploring and living. The interview seeks to find out whether respondents perceive that their sense of purposefulness in life has any relevance to their corporate strategy, whether they feel engaged by their sense of purpose to achieve the organizational goals.

Besides purposefulness, a Muslim is driven by the unity of purpose in life: to play the dual role of God's servant and God's trustee in life (Al-Faruqi, 1986). This unity of purpose is deeply rooted in the concept of Tawhid (unity of God) that is at the heart of the Muslim belief system. Some Muslim researchers have written on the implications of Tawhid on the organizational dynamics and people's behaviour at work (Ali, 2005; Jabnoun, 2005; Abdullatif, 2002; Beekun, 1997). In this study, the interviews will explore how the respondents perceive the implications of Tawhid on their strategic thinking and practice in their organizations.

6.2.3 Tawhid, Values, Purposefulness and Human Motivation:

Another aspect related to the implications of purposefulness is the issue of motivation. Human behaviour is driven and directed by a number of motivators such as the need for achievement (Atkinson, 1964), the need for power and affiliation (McClelland, 1951), internal and/or external factors (McGregor, 1960), a hierarchy of needs (Maslow, 1954, 1962), and intrinsic rewards out of interesting and challenging work (Herzberg, 1959).

The interviews are meant to explore whether the employees' belief system, shared values, their unity of purpose and sense of purposefulness are strong motivators that drive their behaviour (Mohammed O Al-Ibrahim, 1988; Qassem in Al-Burai and Mursi, 1995; Jabnoun, 2005). Many Muslim writers have theorized about the potential motivating power of Tawhid and values (Ali, 2005; Al-Attas, 1995; Al-Faruqi, 1995; Chapra, 1993; Noor, 1999; Izutsu, 2004). This study will provide empirical data that tackles this issue from the perspective of the respondents in the two selected organizations.

7. Data Collection and the Coding Process:

The data will be collected using face-to-face semi-structured interviews. Merriam (1988) and Bogdan & Biklen (1992) argue that this method is the most suitable when, as is the case in this research, the respondents cannot be directly observed. They will provide their personal views on historical events, and how these events impact their life in their organizations. The researcher has the advantage to have control over the line of questioning.

Interviews were audio-taped and transcribed according to a protocol specially designed for this study. Special forms were designed that include the following headings: the respondent's name, age, years in the organization, the department or unit, the key research questions asked, space to record the interviewer's reflective notes and observations, key words for use to probe the key questions. Because the semi-structured interviews are used as a technique for data collection, the questions are meant to provide a general framework for the interviews, rather than detailed questions prepared before the actual interviews.

8. Data Analysis:

In qualitative research, the data analysis goes through an interpretation process (Marshall & Rossman, 1989). The objective is to generate some meaning patterns and underlying themes. The respondents' taped answers were transcribed verbatim. Following Tesch's (1990) proposed steps for qualitative data analysis, through the process, the major themes will be listed as main topics through appropriate descriptive wording. Then these topics will be reorganized into categories by drawing connections between topics to reflect meaningful inter-relationships. A preliminary analysis will be further scrutinized until broad themes become more or less final.

9. Data Reliability

A qualitative research method, as explained above, gives the opportunity to both researcher and respondents to explore the organizational reality with some degree of depth. This in turn increases the chances to collect reliable data since the purpose is not the breadth of information that can be collected but rather the depth of the respondents' views and their interpretation of the own reality. The questionnaire method would only scratch the surface and can at best result to some hard numbers that give the impression that data is reliable and scientific.

In the course of the interviews, the respondents' views and analysis have provided enough clarity of how they perceive their organizational reality and work dynamics. The sample selected was sufficient to elicit a degree of information large enough to serve the purpose. Toward of the interview, respondents' views became repetitive and thus the interviewing process reached a level of saturation.

Furthermore, since in qualitative research, data is mediated through the researcher (Merriam, 1988), my own observations have given me confidence that the respondents' stories are reflective of their reality. Follow up questions and in-depth conversations revealed that their analysis of their situations is accurate. As a consequence of that, the interviewing process has helped them become more aware of their work dynamics; they have reached a higher level of understanding of the impact of their value and belief systems on their daily lives in their organizations.

10. The Researcher's Role:

As indicated earlier in this Chapter, in qualitative research, the data is mediated through the researcher as the primary instrument (Merriam, 1988). This necessarily implies that the personal values and assumptions of the researcher affect the data analysis process and consequently the findings. However, as argued by Locke et al (1987), the researcher's contribution to the research setting can be only positive since it helps the respondents better understand and appreciate their situation. This can also lead, in some cases, to solutions proposed and owned by the respondents.

My own assumptions about the relevance of the Islamic worldview to management thinking and practice have been shaped by my own convictions and experiences in my professional practice. As a practitioner of leadership development and change programs, I came to the realization that management solutions, typically advanced by international hired consultants, do not usually engage the indigenous value system and the basic belief tenets that shape and influence people's behaviour and decisions.

In my professional practice, as the Manager for coaching and development in a leading commercial bank, I noticed a pattern of reactions by the employees to the various learning solutions provided. Often, employees raise the issue that the

Islamic tradition, be it religious sources or literature or philosophy, is very rich with principles that have the potential to solve many organizational issues, such as, among others, conflict, teamwork, motivation, knowledge sharing, and commitment to the organization's mission.

Oftentimes, these discussions lead to the realization that this Islamic tradition remains as simple ritual habits without practicing the principles in the context of the work place. I like to call this phenomenon an epistemology-ontology disconnect, for while the Islamic theory of knowledge accounts for the divine revelation as a source of knowledge (Ali, 1994), the reality of people's lives neutralizes this source of knowledge to the extent that its relevance to life issues is questioned, perhaps even ignored.

Therefore, my own convictions and professional experience may shape my views and analysis of the respondents' stories. Aware of these potential biases, I will make every effort to remain as objective as possible in my analysis of the data.

11. Ethical Considerations:

In qualitative research, special emphasis should be given to the ethical considerations (Locke et al., 1987; Merriam, 1988; Marshall and Rossman 1989). The respondent's rights and personal choices and preferences need to be respected, especially with respect to the type of data to be reported. In the case of the semi-structured interviews, the researcher is able to probe into the personal life and values of the respondents which usually leads to the sharing of corporate, in some cases, confidential information.

A serious effort was made to gain the trust of the organizations selected for the study. The following measures have been taken to achieve that goal:

1. **Access:** access to the respondents was with the full consent of the relevant authorities. Letters articulating the research objectives have been sent.
2. **Confidentiality:** the respondents have been assured of the complete confidentiality of the issues raised. The names of the organizations as well as the respondents' names are kept confidential. The respondents have been encouraged to avoid mentioning names of specific individuals or projects in their organizations. Likewise, they were fully briefed that their

responses would be audio-taped, transcribed verbatim and later interpreted exclusively by the researcher.

3. **Risks:** the respondents have been assured that there are no risks involved which may jeopardize their career in their organizations. They have been informed that their stories and responses will be sent back to them for verification and approval.

4. **Data Reporting:** the respondents have been briefed about the purpose of the research. It was explained to them that their responses were meant to help the researcher identify patterns of meaning, as they perceive them, from their own perspective. Therefore, their rights and interests would be considered first regarding the analysis that best describes their situation. Furthermore, the written interpretations of their stories were shared with them in order to make sure that they agree with the researcher's interpretation of their stories and accounts.

Chapter Five

Findings

1. Introduction:

This study aspires to achieve two objectives. The first is to explore the implications of the Islamic worldview for management thinking and organizational behaviour. More specifically, the study explores the impact of people's belief system, their value system and their sense of purposefulness on the dynamics of their daily interactions and behavior. This will be a contribution to the existing research in Arabic Muslim scholarship, which has attempted to ground management theory and practice within an Islamic philosophy. However, there is little empirical research on how significant the principles and values of Islam are in shaping organizational and managerial processes, how they contribute to institutional effectiveness.

The second objective of this study is to present empirical data on the implications of the Islamic worldview for organizational behaviour in two organizations in Saudi Arabia. This empirical data is expected to add to the body of knowledge in the field of international human resources and organizational studies, as well as the studies on the implications of Islam for management practice and organizational behaviour.

As stated in the previous chapter on “Methodology”, the qualitative methodology is deemed most appropriate for this research since the research questions we are dealing with are better explored through an interpretative process whereby the respondents express the various meanings they assign to their local situations (Schein, 1992; Zamarou and Glaser, 1994).

In the case of this research, respondents are exploring three facets of their daily lives in an organizational setting:

- (1) The impact and relevance of the respondents' **Islamic values** on corporate culture. Values in the context of Muslim relations are a way of life; they impact every aspect of a Muslim's behaviour, whether in social or work settings (Al-Burai and Mursi, 1995; Al-Omar, 1999).
- (2) The Impact and relevance of the Islamic principle of **purposefulness** on corporate strategy and strategic intent. Belief in **Tawhid** and the purposefulness of creation are strong

sources of energy and drive to achieve better results and get things done. They induce strategic clarity. The belief that man is God's trustee in life (Al-Faruqui, 1986) increases his sense of accountability for the corporate goals and objectives (Ali, 2005; Jabnoun, 2005; Beekun, 1997).

- (3) The implication of **Tawhid, values and purposefulness** on motivation at work that goes beyond the individual self. The literature review has revealed that the main drive for actions in the Islamic sense is to achieve higher goals that should be in systemic harmony with the social context (Al-Attas, 1995; Ali, 2005; Nour, 1999; Izutsu, 2004).

It is in the context of these organizational issues and the implications of the Islamic worldview on them that the interview questions were designed. As indicated before, the semi-structured interviews were used because they would give an opportunity for the respondents to reflect on the meaning of their work situations and how their values and beliefs impact their behaviour (Easterby-Smith, 1991).

Through the face-to-face interviews, the respondents were encouraged to reflect on real life incidents or projects that happened in the past in order to make sense of the dynamics and culture in their organizations (Merriam, 1988; Bogdan and Biklen, 1992).

In order to explore the impact of Islamic values on corporate culture, the implications of purposefulness and Tawhid for strategic thinking and intent, and the impact of values, purposefulness and Tawhid on motivation at work, I now present the declared corporate values and the general organizational philosophy in the two selected organizations namely, Arabian Star and the People's Organization Group. The analysis of the respondents' accounts and stories will focus on the main themes that represent their behaviour and thinking patterns. Occasionally, I will cite verbatim some respondents' view by way of illustration.

2. The Organizational Value System and General Philosophy in the Two Selected Organizations:

2.1 Arabian Star: To maintain its position in the market, especially in a highly politically risky region, the Company has adopted what every employee knows as the "Arabian Star Way". This is the Company's phrase to capture the employees' dream to become one of the most successful food companies in the region. This is achieved through the "Arabian Star Process": to be the most ethical and committed in behaviour and actions, and the most sophisticated in system and management style. A distinctive feature of the Process is to become satisfied spiritually, intellectually and financially for the Company employees as well as the shareholders, customers, communities, and all other stakeholders.

The Process requires a commitment to a unique blend of values, attitudes, and styles. It also requires a mindset of persistent drive toward scientific sophistication in methods and practices of management.

Arabian Star has strived to institutionalize these ideals by creating a culture enshrined in such Islamic ideals as honesty, responsibility, justice, and self-discipline. A very important objective is to become an ethical company. Specifically, the Company espouses four values drawn from the Islamic heritage. The terms used to refer to these values are kept in Arabic and used as such widely even among the non-Arabic speaking employees. As such, the core meaning of these values is preserved and its spiritual significance is echoed as it occurs in its original context, i.e. the Quran and the *Hadeeth* (the Prophet Mohammed's sayings).

These values are: *Amanah* (honesty), *Taqwa* (conscientiousness), *Birr* (caring justice), and *Mu'azarah* (team work with care). It is important to note that the English translation captures only some aspects of the original terms. Thus, an elaborate explanation of each term is included in the analysis of the respondents' interviews.

Arabian Star management has pursued rigorous steps to make these values common knowledge to all. New employees attend focused induction sessions during which they learn the organization's values and how they are translated in

action. The performance system assigns a high priority to behaviour reflecting the corporate values. They are on boards posted nearly everywhere. The I.T. Department has introduced a saying-of-the-day screen, which is seen by every employee when they first open their computers. These sayings reflect, one way or another, the corporate values.

2.2 The People's Organization Group: The People's Organization Group vision is *"to be the leader in fostering socio-economic development in member countries in conformity with the Shariah."* It is the only Islamic development multi-lateral financing institution. To achieve its vision, this organization has formulated its mission statement as follows: *"We are committed to alleviating poverty; promoting human development, science and technology, and Islamic banking and finance; and enhancing cooperation amongst member countries in collaboration with development partners."* The mission statement underscores the idea that individually, member countries are too small to stand on their own, and that they therefore need to cooperate among themselves.

Based on the vision and mission statement, the People's Organization Group has adopted a set of core values which are intended to serve as the basis of intra-Group relationships on one hand, and the relationship between the Group and its member countries on the other. These core values are: *performance excellence, responsiveness, integrity, dedication, and empowerment.* These are abbreviated in the acronym PRIDE.

These values are defined as follows: Performance excellence is a behaviour and a skill necessary in dealing with clients and in carrying out all activities. Responsiveness means to respond to clients' needs with focused and forward-looking approach based on review of performance, reflection on improvement and resolve to offer the best. Integrity is to demonstrate a high level of sincerity, honesty and fairness. Dedication is to serve member countries and minorities with creativity, dignity, and maturity. Empowerment is to give employees the capacity to take initiatives and be fully responsible and accountable for one's actions.

These values are central to Islam. They constitute a code of moral conduct. The Group's management aspires to create a culture that rewards employees who demonstrate these values in their work and behaviour.

The People's Organization Group leaders have taken these values seriously. They have been widely circulated. A prize competition has been launched for the best suggested organizational motto. The motto adopted was: "*Together We Build A Better Future.*" It instills a sense of common purpose that can be achieved only through collective efforts. Furthermore, the five core values have been incorporated in the performance system. They are considered as behavioural competencies. In the course of their performance, employees are reminded that their activities have to embody these values.

3. Data Analysis and Findings:

We mentioned earlier that this study uses qualitative research methodology through unstructured interviews. The data resulting from the interviews goes through an interpretation process (Marshall & Rossman, 1989). In the following analysis, I will not recount each individual's story but rather focus on the general meaning patterns and the underlying themes. The process of deciding on meaning patterns started by listing the main topics through descriptive words. At the end of the interviews, the topics and themes were reorganized and meaningful connections started emerging (Tesch, 1990).

In this context, the data analysis will focus on how the meaning patterns fit within the three broad research questions that this study attempts to explore i.e. the impact of Islamic values on corporate culture, the implications of purposefulness and Tawhid on strategic thinking and intent, and the impact of values, purposefulness and Tawhid on motivation at work. It is hoped that this analysis will constitute empirical data that will contribute to the existing body of knowledge on the implications of the Islamic worldview on management thinking and organizational behaviour.

3.1. Arabian Star: Respondents from Arabian Star have been interviewed through an unstructured interview. The researcher has played the role of the

facilitator by asking questions that provide an opportunity for engaging in a discussion. These opening questions have been followed by clarifying questions whenever needed. When an issue is amply discussed, respondents are asked to reflect upon particular situations at work. Respondents have been encouraged to select situations on the basis of their relevance to the issue under discussion.

Respondents from Arabian Star come from different sectors namely sales, information technology, and marketing. Besides, interviews have been held with a group of new entrants whose service in the company varies between six to twelve months. The purpose is to include their accounts and stories on how they perceive themselves in the Company, as new entrants, and how they have experienced the company culture and dynamics.

In this way, the study provides an analysis of the company at different levels. The conceptual and behavioural patterns thus revealed testify to the fact that the dynamics of the whole organization is influenced by the strong value system adopted in the organization.

While the company's purpose focuses the collective energy of all employees, the adopted values guide individuals in their daily interactions. The driving force that provides their relationships with sustainability is each individual's struggle to contribute and actively participate to achieve the company's purpose guided by the shared values.

The following section explains how Arabian Star's corporate culture, strategic intent and employees' motivation are influenced by the company's values and strong sense of purposefulness. This has contributed to the development of positive conceptual and behavioural patterns in the employees, which has led to the company's remarkable success despite the many challenges it is facing and the volatile market environment in which it is operating.

3.1.1. Purposefulness, Strategic Intent and Employees' Motivation:

Almost all respondents have agreed that the clarity of Arabian Star purpose pulls everyone's energy together. They have developed a unique sense of belonging to that purpose. Some of them have said that in the case of launching a new product, everyone feels that it is a matter of life or death for the Company. Several respondents have agreed that in such circumstances, almost everyone

spend extra hours at work, information is shared instantly, and everyone feels they are being challenged. This collective challenge increases the level of team spirit and loyalty to the Company (Ali, 2005; Al-Attas, 1995; Al-Faruqi, 1995; Chapra, 1993; Noor, 1999; Izutsu, 2004; Herzberg, 1959). One respondent said:

"During the religious holidays, one client - a major Superstore – desperately needed edible oil. I received a phone call from the purchasing department. It was seven o'clock in the morning. I immediately made it to the company, called a colleague from Sales, and a driver. The security people were already there. Within three hours, the required quantity of edible oil was packed in boxes and on its way to the Superstore."

Respondents have shared incidents, in some cases similar ones, where engaging in major projects, such as introducing a new brand or a new design, draws everyone together. This togetherness is seen within and across departments. For instance, two respondents – one from the Sales department and the other from the marketing department – shared the same incident of the launching of a new brand. Both departments had to share their knowledge about the market and customers' preferences and buying patterns. Faced with a deadline, the respondents recollect, the team had to come forward to achieve the desired target. *"We never felt we belonged to two different departments; it was the new brand drawing us together,"* one respondent from Sales said.

Respondents' stories have revealed several indicators for a high level of motivation that emerges among team members as a result of their shared purpose. During the implementation of specific projects, which eventually promotes the Company's purpose, the team's level of innovation usually increases. Team members start looking for alternative solutions beyond the usual procedures and workflow. Likewise, across departments, team members become highly motivated. They take the target within the deadline specified as a personal challenge. They also feel aligned together, which saves potential wasted energy and time. In such circumstances, the knowledge sharing flow increases. Opportunities for conflict decrease since power relations take a different meaning. As such, as most respondents have agreed, "knowledge sharing is power" becomes the guiding motto.

One respondent shared the story of a project that exceptionally yielded good results and higher profits. Employees spent extra hours and healthy competition encouraged everyone to give their best. The team dynamics was so healthy that, so the respondent recollected, such spirit became a usual characteristic whenever challenging projects arose. This observation is also shared by other respondents. Team members would feel a sense of trust that with similar work dynamics, objectives are achieved. They learn and manage to adapt their learning to future situations. Some respondents indicated that the Company managers, through their behaviour, encourage trust in employees' capacities.

In order to create a sense of shared purpose across the organization, Arabian Star Management has adopted the Balanced Scorecard as a tool to integrate individual departments' plans and strategies toward the collective organizational purpose. Most respondents have confirmed that this tool has contributed to a high sense of alignment to the Company's purpose across the various departments. In the words of Kaplan and Norton:

"The Balanced Scorecard provides executives with a comprehensive framework that translates a company's vision and strategy into a coherent set of performance measures. Many companies have adopted mission statements to communicate fundamental values and beliefs to all employees. The mission statement addresses core beliefs and identifies target markets and core products...Mission statements should be inspirational. They should supply energy and motivation to the organization. But inspirational mission statements and slogans are not sufficient." (p. 24).

Arabian Star has found in the Balanced Scorecard the right vehicle to diffuse its targets and values throughout the organization, but also to set clear measurement indicators to assess how far its activities are aligned to its strategies. The Balanced Scorecard has helped Arabian Star also to create a sense of common purpose. One respondent put it this way: *"If one department fails to deliver, it is everyone's responsibility. The Balanced Scorecard makes it clear to us where the weakness lies. With the help of our shared values, we all stand up and give a hand to the department or team in need of help. We do not blame each other; we try to make it work."* In this way, the declared values are translated in action, aided by a useful tool such as the Balanced Scorecard.

3.1.2. Shared Values and Corporate Culture:

Two important factors have contributed to the impact of the shared values and employees' adherence to them in Arabian Star. The first is the fact that the adopted values stem from the very religious beliefs of the employees. The second is that the company has wisely chosen to keep them the terms in their original Arabic source.

All respondents have confirmed that they feel proud of belonging to their company. Some have used the metaphor of the family to describe the relationships binding employees. Some said they feel secure in a work environment without threats of back-stabbing.

Despite the differences among employees in age, education, ethnic background, and language, the corporate values in Arabian Star have created a culture of homogeneity and understanding (Al-Banna and Al Anani, 1982; Al-Burai and Mursi, 1995; Al-Omar , 1999; Ali, 2005; Goleman, Boyatzis, and McKee, 2002; Spitzer, 2000; Kouzes and Posner, 2002; Collins and Porras, 1994; Kotter, 1996; Argyris, 1994; Csikszentmihalyi, 2003; Raghieb in Al-Burai and Mursi, 1995). Employees know what each value means and where it manifests in daily work. Besides, the company has integrated the measurement of adherence to values as part of its performance management system. The company has also introduced an annual reward scheme for the best employee. Some criteria for eligibility to the award are the behaviour patterns displayed by the employees, which capture the essence and intent of the corporate adopted values.

3.1.2.1. *Mu'azarah*: Team Spirit: All respondents have shared incidents that illustrate the impact of the shared values on the dynamics of the teams and projects they are part of (Mohammed O Al-Ibrahim, 1988; Qassem in Al-Burai and Mursi, 1995; Jabnoun, 2005; Csikszentmihalyi 2003; Raghieb in Al-Burai and Mursi 1995).

Interestingly, respondents from different levels of the organization have shared similar stories in many instances. These instances have revealed interesting indicators of a coherent work environment. For instance, *Mu'azarah* (team work with care) has influenced the information flow among employees and the feedback processes.

In several instances, the appropriate feedback at the right time from one Department caused a second Department to change the course of its action. In such culture, the Muslim values not only make sense to the employees as part of their belief system, but they also make business sense in their corporate context. Respondents have attributed their Departments' sharing of critical feedback with the other Departments to the impact of *Mu'azarah* value on the work dynamics.

One respondent shared the following story:

*"It happened that Sales received an order for oil. They made plans to deliver at given dates. These plans were made under the assumption that tracks, which were out of town, would be there on time. We, in the warehouse, received instructions to prepare the requested quantity according to the plans made. The first thing I noticed was that the timeframe given was not realistic. I requested a meeting with Sales. I made it clear to them that tracks usually take longer time than they estimated. This would mean delay in delivery and embarrassment to the Company. Sales got the point; they adapted their plans to this new information, and consequently rescheduled delivery plans. I felt that the *Mu'azarah* value stipulated that I should share with them the information I had. I could have just followed the instructions and I would not be at fault. *Mu'azarah* spirit influences how we behave, for instance, information sharing in this case."*

The *Mu'azarah* spirit engenders a sense of common responsibility that all succeed and none fails, and a growing together of teammates in a co-evolutionary process of exchange, mutual support and trust (Nasr, 1981; Qutb, 1991; Hakim in Ibrahim and Hakim, 1996; Naquib Al-Attas, 1995). This is very consistent with the research on communitarian societies dominated by the belief that the individual efforts are usually carried with the interest of the community in mind (Nancy Davis and Robert Robinson, 2006). In these situations, the organization experiences moments in which employees live by their values, which leads to positive patterns of behaviour to emerge and the whole organization culture becomes conducive to more productive efforts and attractive to new talent.

Some respondents have also shared some incidents where the variance in the adherence to the shared values has caused losses to the company, such as wasted time, delay in delivery, or disruption in the flow of information. Colleagues with different degrees of adherence to *Mu'azarah* may not share knowledge and

expertise. This leads to a lot of time wasted to acquire information that could otherwise be easily accessed. Thus, the employee in need of the know-how exerts unnecessary efforts to acquire the knowledge needed. Consequently, communication is disrupted and the company eventually is at a loss (Beekun and Badawi, 1999; Al-Omar, 1999).

One respondent with 17 years of service in Arabian Star, shared his views on this issue.

"First of all, I have doubts if everyone really believes or behaves according to these values. For me, the top executives really believe in these things. They are doing their best to cascade the values down to us. I feel that not all employees have the same degree of commitment to these values. This variance in adherence to values has a strong impact on the organizational effectiveness. In decision support systems, sharing information is critical. And I can tell you that I have seen many cases where projects are delayed mainly because team members work for self-interest, such as looking for credit or undermining somebody else's efforts, rather than for the collective good. In these cases, people live double standards."

3.1.2.2. Amanah: honesty and trust: Like in the case of the shared purpose, adherence to shared values positively impacts the dynamics of the employees' future relationships. They develop a sense of trust in each other; they each feel they belong to a community that cares for them (Kouzes and Posner, 2002; Collins and Porras, 1994; Kotter, 1996; Argyris, 1994; Csikszentmihalyi, 2003; Raghiv in Al-Burai and Mursi, 1995).

Some respondents said that Arabian Star overall culture encourages win-win behaviour and that someone's loss is everyone's loss. To strengthen this positive work culture, as some respondents have agreed, the company management and employees show a lot of solidarity to each other at times of need such as death of a family member or an employee getting married.

In Arabian Star, *Amanah* (honesty) refers to the act and state of being trusted with something (Nasr, 1981; Qutb), 1991. Arabian Star employees feel they have all been entrusted by their shareholders with the money invested in the Company. Therefore, in judging themselves in what they do, they always invoke this responsibility to their shareholders. This is clearly seen in the case of

evaluating a new investment, but equally applies to one's own behaviour to colleagues and team members. For example, if people are unnecessarily wasting time or absent from work, they would be failing, not only to do their job properly, but also in their wider responsibility, their *Amanah*.

3.1.2.3. *Taqwa and Birr*: fair dealing: equally, *Taqwa* is to be a good citizen in society, behaving fairly and honestly and with respect. It provides a moral "constraint" on people's activities (Al Faruqi, 1983, 2000). In the case of Arabian Star, this means that employees should apply the same *Taqwa* to everyone the Company deals with: suppliers, customers, consumers, the community, and the country where the Company operates. In this respect, making a misleading statement about products or polluting the environment are examples of not living the *Taqwa* value.

Two respondents from the same Business Unit and at different organizational levels have shared a similar story of an employee refusing bribery. Both respondents have attributed this behaviour to a sense of *Taqwa* on the part of the employee. This incident has been widely disseminated throughout the company as a best example to be emulated. *"It was an incident that showed how far top management is serious about the issue of values,"* said one respondent. *"But this is nothing new to us. We live this everyday. The Company is an extension of a whole life. There is no separation between work life and personal life. That's why we feel home here."*

Birr, on the other hand, is people's responsibility to each other in Arabian Star. In this sense, *Birr* means that everyone is entitled to be treated with basic human dignity and decency in a way that is sensitive to the individual's material needs, family needs, and the need for self-fulfillment (Al Ghazali, 1995). All respondents have used the metaphor of family to depict how they are treated in the company.

Arabian Star recognizes that the four values are inherently consistent and re-enforce each other. For instance, *Birr* raises the morale of the employees and leads to improved productivity. This in turn improves shareholder value and consequently constitutes *Amanah*. Similarly, *Amanah* focuses the attention of the employees on their responsibility for the growth and success of the company. That, in turn, secures employee welfare, thus constituting *Birr*.

3.1.3. Motivation:

The clarity of the purpose and the strong values-based culture in Arabian Star have resulted in a positive pattern of attitudes and high motivation behaviour at both the individual and the collective levels of employees (Ali, 2005; Al-Attas, 1995; Al-Faruqi, 1995; Chapra, 1993; Noor, 1999; Izutsu, 2004; Herzberg, 1959). Most respondents have expressed a strong desire to contribute toward the greater good of the company.

Respondents, however, have indicated that employees differ in the way they engage in their contributions. Some have cited incidents where differences among team members in coming forward and engaging in collective work have had a serious impact on the overall team dynamics. One respondent shared the following: *"From my personal experience, the individual's willingness to engage with the others is driven by two major factors: a fair reward system and strong values. I have seen cases where the individual team members' reluctance to contribute has caused demotivation to others. People do vary in their level of commitment. This variance can be attributed to many factors: personal belief system, education, family upbringing and other things. It is important to see what really motivates people."*

There are several indicators for demotivation such as delay in delivery, and reluctance to participate in teams with similar members in the future. To ensure a high level of engagement on the part of the individuals, Arabian Star has introduced two important concepts namely, *Mujahadah* (drive for self-improvement and contribution to the collective good) and *Attamayyuz* (personal excellence).

3.1.3.1 Mujahadah and Attamayuz: self-improvement and excellence:

Mujahadah is the drive within employees toward self-improvement and self-discipline. It is a constant struggle to achieve the collective ideals and the highest moral balance guided by the corporate values. *Mujahadah* is the most challenging of the values as it requires an accurate and honest evaluation of oneself, and to pursue one's own course of self-improvement in order to honor one's commitments. It also involves a high level of maturity to go beyond one's ego to contribute toward the collective good. *Mujahadah* and *Attamayyuz* are the

company's tools to help employees achieve excellence within them, to develop the team who fulfills the mission and realize the desired objectives (Mohammed O Al-Ibrahim, 1988; Qassem in Al-Burai and Mursi, 1995; Jabnoun, 2005).

In the course of the interviews, respondents have repeatedly mentioned *Mujahadah* and *Attamayyuz* as driving forces behind individual and collective motivation toward the collective good. Two respondents shared the same story of a project during which a production error was detected but was not communicated on time by the employee concerned. This has been attributed to a low level of *Mujahadah* on the part of the employee. He was not driven by the overall good to engage in an intentional exchange of feedback with his colleagues. This situation, according to the two respondents, has resulted in negative business results and a disruption in the harmony of relationships among team members.

3.1.3.2. Azm and Tawado: can do attitude and humility: Arabian Star has introduced two more concepts besides *Mujahadah* and *Attamayyuz*. These are *Azm* (can-do attitude) and *Tawado* (confident humility). These two behavioural attitudes to work are found to be, at the individual level, powerful contributors to a high level of intentionality toward the collective good. They represent high energizers at the strictly individual level. They have to be manifested in behaviour in a balanced way. While *Azm* attitude drives performance to achieve results and make things happen, *Tawado* attitude maintains balance through a moderation of an employee's own ego needs in order to optimize the collective goals (Beekun and Badawi, 1999; Al-Baqri, 1987; Al-Aliyy, 1987; Al-Dhahyan, 1986; Al-Talib, 1991; Noor, 1999). It also balances an excessive can-do attitude that can lead to arrogance and egocentricity. This is manifested in an employee's preparedness to listen to another view or another proposal and to give up his idea when there is something else better. Simultaneously, *Azm* attitude balances *Tawado* from turning into a weakness and leading to complacency. Arabian Star calls for balanced organizational behaviour.

As a consequence, when teams work together, with the right behavioural attitude, they achieve the best results. Respondents have indicated that top management behaves with an *Azm* attitude balanced with *Tawado*. They set targets with vigor and enthusiasm and communicate to everyone that every single

contribution is worthwhile. Thus, the individual drive to achieve results is balanced by a sense that each individual is part of a whole network of contributors.

In the course of the interviews, respondents have generally agreed that employees in Arabian Star differ in their levels of engagement. Some have said that the higher in the hierarchy, the better in terms of high motivation. However, everyone has agreed that overall, the level of willingness to come forward and contribute on the part of the individual employees is high. They have attributed this engagement mainly to the corporate values. Another factor that has been highlighted strongly is the top management commitment to the work attitudes namely can-do attitude and confident humility attitude. This has become an inspiring example for many.

Some respondents have indicated that the drive for the individual willingness to share and exchange can also be attributed to the reward system. Employees seeking promotion and salary increase show more willingness than others. The same respondents have also agreed that, while this drive can bring immediate results, experience has shown that it may not last for long. The real and lasting results come from behaviour motivated by the work attitudes the company adopts.

Almost all respondents have agreed that the key to a real impact of the work attitudes on behaviour is systematic and well designed communication. In Arabian Star, top management has succeeded to disseminate not only the work attitudes, but the shared values, to the company at large. Whether verbally, through written or oral communication, or non-verbally, through leadership by example, top management is creating a general sense that adopting work attitudes is a matter of necessity, not an empty managerial discourse. One respondent said in this context: *"The CEO has become a symbol for commitment. His integrity is never questioned. He acts according to what he believes in, and believes in what he is doing."*

In an organizational culture that is inspired by foundational Islamic values and a higher sense of purpose, such is the case with Arabian Star, it becomes natural to engage the higher-end and the lower-end motivators (Maslow, 1954, 1962; Herzberg, 1959). The Islamic view of human motivation respects the basic

needs but attaches great importance to higher goals which are greater sources of satisfaction and fulfillment. Lower-end motivators can be quickly satisfied. (Mohammed O. Al-Ibrahim, 1988; Qasim in Al-Burai and Mursi, 1995; Jabnoun, 2005)

So, in Islamic cultures where values are intricately woven into the fabric of the social dynamics and greatly influence people's behaviour, the higher-end motivators fit naturally with people's system of preferences and taste. Furthermore, since the Muslim perceives himself as both a khalifa (vicegerent) and a servant of God on earth, this has the potential to expand the limits of his ambitions and aspirations beyond the immediate lower-end motivators (Hakim in Ibrahim and Hakim, 1996; Naquib Al-Attas, 1995; Al-Khadiri in Al-Burai and Mursi, 1995; Ali, 2005; Al Attas, 1995). The sense of responsibility for oneself, as a servant of God, and accountability for the larger community, as a khalifa of God, are high-level superlative motivators for a Muslim.

It is important to note that the Islamic perspective on motivation explains numerous behaviours that have direct impact on the community rather than self. Some such behaviours take the form of an altruism that puts the other first before self (Noor, 1999). Deep within this inclination to serve the other is a profound belief that by serving the other, one is even better served. Even in prayers, which is the most intimate relationship between a Muslim and his Creator, and a moment when one can ask for anything they need, if a Muslim prays for another Muslim, he gets equal reward like the person he was praying for. It is a system of relationships where the sense of individual self becomes even richer and more fulfilled through the service of the other. The other is part of a complex web of relationships that has direct and indirect implications for self. Therefore, the welfare of the other is the welfare for self in the first place. In the Quran we read: *"On that account, We ordained for the Children of Israel that if anyone killed a person, it would be as if he killed the whole people; and if anyone saved a life, it would be as if he saved the whole people"* (Quran, 5:32).

3.2. The People's Organization Group:

Like in the case of Arabian Star, respondents from People's Organization Group have been interviewed through opening questions and followed up with clarifying questions. Respondents have also been encouraged to share incidents that illustrate the issues under discussion.

Respondents from the Group come from different business units or functions namely Operations and Projects, Audit, Information Technology, Minorities' projects, and Human Resources. Besides, three respondents from the Private Sector Corporation, and three respondents from the Insurance Company have also participated in the interviews. The distribution of respondents across different functions of the organization has the advantage of capturing the internal dynamics at different levels. Thus the emergent behavioural and conceptual patterns are system-wide.

Like in the case of Arabian Star, the People Organization Group's purpose to promote social and economic development in its member countries focuses employees' collective energy. The shared values draw them together and guide their interactions. Achieving the purpose, guided by the shared values, is further strengthened by each individual's personal and intentional involvement and active contribution.

3.2.1. Purposefulness, Strategic Intent and Employees' Motivation:

All respondents agree that the People's Organization Group purpose, captured in its vision and mission statement, is a noble objective to aspire to achieve. Most of the respondents, 20 out of 24, have spent over five years working for this organization because they find its mission worth associating with. All respondents say that this mission makes their daily efforts related to a sublime objective that transcends profit-making (Mohammed O Al-Ibrahim, 1988; Qassem in Al-Burai and Mursi, 1995). They think of themselves as belonging to every member country they are serving, including the Muslim minorities in the world.

One respondent said: *"Member countries are mostly underdeveloped; some of them are developing countries. My colleagues and I feel that every effort we do is worthwhile. This is a unique organization in the Muslim world and its mandate provides us with an affinity between*

our core beliefs and our daily work." Throughout the Group, there is a strong sense among employees that their job is better than working for a private sector company.

Respondents come from different business units in the mother organization, and from the two subsidiaries. These business sectors fall under two major categories: the sectors that deal with member countries like the core project financing, private sector financing, insurance for investment and trade, and minorities' affairs. The second category constitutes of the sectors providing service to the first category and these are information technology, audit, and human resources. The two categories complement each other and are involved in numerous interventions and projects. Despite their difference in scope, employees from all business units agree that they are serving one primary goal: the promotion of development in member countries.

The stories shared by respondents reveal interesting patterns. In the case of the respondents from the core projects financing, all of them have been engaged in field missions to appraise projects worthy of financing. During these missions, the team is driven by the impact that these projects have on the immediate beneficiaries, most of whom are from either under-developed or developing countries.

One respondent reflected on his experience as a team's head sent to appraise a school project in one of the far-East member countries. He recalls that all the team members have decided to deplore all possible efforts to speed up the approval process for this project, and consequently the disbursement cycle, so that the money reaches the beneficiaries very quickly (Al-Banna and Al Anani, 1982; Al-Burai and Mursi, 1995; Al-Omar , 1999; Al-Faruqi, 1995; Noor, 1999; Kouzes and Posner, 2002; Collins and Porras, 1994; Kotter, 1996; Raghieb in Al-Burai and Mursi, 1995). He comments:

"The drive behind the team spirit and collaboration among team members was the particular project we were appraising. Through that project, everyone felt they were achieving the very purpose for which the organization exists. We met the students in real life, in remarkably old schools. We could see that in rainy seasons, classes could be practically suspended. We were touched by the poverty-stricken situation. In a sense, we were also

thankful to the organization for giving us this opportunity. In appraising the project, harmony among us was remarkable. We were really focusing on the project. We readily shared information and offered to do more work than necessary.”

Other respondents have shared similar stories that have taken place during field missions. A common pattern recurs continuously. The beneficiary clients respond to the teams coming from the People's Organization Group in a different way than other multi-lateral donor organizations. The reason is the common goal everyone shares, i.e. the promotion of sustainable development in the developing countries through project financing that is Shariah compatible.

According to one respondent: *"Beneficiary organizations from member countries really look forward to our visits. Although our contribution to the projects under financing may be less if compared to other international aid organizations, two factors make our contributions different. The first one is the fact that our financing is Shariah-based. The second one is the beneficiaries' feeling that what they are receiving is the contribution of other member countries to a development fund. As employees of an organization serving this purpose, our work dynamics is usually characterized by harmony and smooth interactions. Some people can be cynical about the organization's purpose but they are a minority. They are either personally frustrated or work with a difficult boss. Some also feel they deserve more than their current salary. So they feel the organization is unfair to them. Perhaps as an expression of discontent, they criticize the organization and its mission."*

Another respondent also shared a story that best illustrates how the common purpose, especially a purpose beyond profit-making, positively impacts the relationship between the donor and the beneficiary (Nasr, 1981; Qutb, 1991; Hakim in Ibrahim and Hakim, 1996; Naquib Al-Attas, 1995; Al-Khadiri in Al-Burai and Mursi, 1995; Ali, 2005). The People's Organization was engaged in providing aid for a war-stricken member country. The mission members were obviously exposed to a potential physical danger to deliver aid. They were the first international mission to appear in the field. The beneficiary local NGOs have greatly appreciated their presence. The respondent reflects that their operation has been a great success in terms of timely implementation of aid delivery to the needy families. On the one hand, the mission members saw themselves as serving their organization's purpose. On the other hand, the beneficiary realized that their

membership in the donor organization is a worthy thing to sustain. Consequently, they engaged with the mission members in completing their project. When asked to comment on the team dynamics during the mission, he said: *"Unlike in other missions, we really made sure that everybody comes back safe. So sharing information on time was critical. All our families were waiting for us, so delivering aid without getting involved in political sensitivities was critical. The more experienced team members were like safe havens for the less experienced."*

It is evident that, in this case, a clear purpose does not only positively impact the work process in terms of implementation speed, efficiency and effectiveness. It also impacts the team dynamics in terms of easy communication, less conflicts, and drive for results (Ahmad, 1995; Abdulhadi, 1986; Abu Sinn, 1984; Kanaan, 1985; Al-Jabiri 1994; Beekun and Badawi, 1999; Al-Baqri, 1987; Al-Aliyy, 1987; Al-Dhahyan, 1986; Al-Talib, 1991; Noor, 1999). It equally results in a sustainable relationship between the donor and the beneficiary. The team members, as one respondent put it, would look forward to working together in future field missions.

Like the core projects financing respondents, the audit office respondents think of their work as critical. The People's Organization Group provides financing and promotes trade among member countries in accordance with the Shariah principles. The auditors make sure that the internal processes and activities are in compliance with these principles. They are thus contributing to the achievement of the overall organizational objectives.

All respondents in the audit office agree that the clarity of the organizational purpose gives sense to their activities, and they feel aligned to this purpose (Nasr, 1981; Qutb, 1991; Hakim in Ibrahim and Hakim, 1996; Naquib Al-Attas, 1995; Al-Khadiri in Al-Burai and Mursi, 1995; Ali, 2005; Al Attas, 1995).

The stories they have cited also reveal a positive impact of the aligned purpose on their daily activities. One respondent has been assigned the task of auditing currency management practices in the treasury of the People's Organization Group. He produced a report that was applauded by the Management. His work, he reflects, was inspired by what the organization was trying to achieve. He made sure that the end product would contribute to the

organizational purpose. The Management's reaction further stressed their dedication to achieving the purpose, which in turn gave him assurance that similar contributions are welcome.

Another auditor has indicated that the presence of a clear purpose has the potential to impact positively the organization dynamics and how employees interact, but it needs to be continuously reinforced and properly communicated (Al-Banna and Al Anani, 1982; Al-Burai and Mursi, 1995; Al-Omar , 1999; Noor, 1999; Izutsu, 2004; Goleman, Boyatzis, and McKee 2002; Spitzer, 2000; Kouzes and Posner, 2002; Csikszentmihalyi, 2003; Raghieb in Al-Burai and Mursi, 1995). He has shared an experience that illustrates how proper communication is critical to the clarity of purpose among employees, which in turn inspires them to align their daily activities to achieve that purpose.

The People's Organization Group supervises a project known as the sacrificial meat project. This happens yearly at the time Muslims from all over the world come to perform their pilgrimage in Makkah. As part of the pilgrimage rituals, they slaughter sheep or cows or camels. The People's Organization Group has set up gigantic slaughter houses for this purpose. The whole operation takes about six days. It starts with the slaughtering of thousands of sheep. While slaughtering is under operation for three days, thousands of workers are placed along a huge chain that cuts the animals into small pieces for distribution to the poor around the world. These pieces are stored in mobile freezers and transported by air and sea to hundreds of cities across four continents.

The People's Organization Group has the duty to supervise this operation within a period of six days. The web of interactions is so complex that a slight error has huge implications in terms of the delay in transportation, rotten meat, and eventually more waiting time by the millions of poor families. The auditor has been assigned to produce a report on this operation. He comments:

"It would be very difficult to align a few thousand people to work together, within a very short period of time, without there being a clear purpose around which hundreds of teams align their activities. This purpose has a spiritual meaning, in line with people's personal convictions, and thus it becomes a powerful source of alignment that impacts how people interact. The potential for conflict is very high, because of work pressure and time limitations.

You hear people say, 'we are here for a purpose and we must deliver.' Teams work in three shifts, but almost always, people would spend extra hours. The operation involves an interaction with thousands of poor families in the vicinity of Makkah city. You need to be patient to be able to deal with them. Teams, with different tasks, have shown remarkable commitment. There were however incidents of delay in delivery, but were mainly due to the presence of new people with little experience. My recommendation in the report was to organize focused induction courses for new comers to avoid misunderstanding or delay."

The respondents from the minorities' affairs office shared stories where field missions to the beneficiaries revealed how the organizational purpose impacts the dynamics between the mission members and the beneficiaries. One respondent has shared an incident of aid provision to poor families in very remote areas in a minority area. The People's Organization Group was the first international donor to be present in those areas. The beneficiaries felt most connected to the organization's purpose. They did every possible thing they could to make the mission a successful one.

"This incident had a very deep impact on the mission members in terms of their relationship and engagement in future projects," he comments. "They see themselves attached to a higher purpose that warrants their commitment, patience, and high professional standards. I guess when the project has a humanitarian aspect with visible results in the field; this seems to appeal to a basic human nature: to help those in need. Another factor contributing to success in this type of missions is the fact that it resonates well with our basic religious beliefs. So we feel we are getting double rewards: our salary but also a greater reward from God. Where else can you find such fulfillment?"

The respondents from the Private Sector Corporation, a subsidiary entity of the People's Organization Group, shared the same thoughts like the respondents from the mother organization. One respondent told a story that particularly illustrates how the adherence to the organization's purpose and its *raison d'être* influence the very work dynamics in the organization as well as the clients. The Corporation has been approached by a private company in a member country to contribute to the financing of an investment project. The respondent has been given the task to evaluate the company and submit his recommendation

with regard to the financing of the project. He recalls that the project was not Shariah compatible.*

He comments that when he has found that out, he could have submitted a recommendation not to provide financing to the client. However, driven by the purpose of the Corporation to promote Islamic financing in the private sector, he took the initiative and made a proposal to the Corporation Management. This proposal was the first of its kind. He proposed to convince the client company to change its financing structure to become Shariah-compatible. The company agreed to the proposal. In return, the Corporation participated in the financing and even invited other private companies to co-finance the project. According to the respondent, there are several similar projects that are ordinarily turned down. However, this was a first experience that became later a model emulated by other finance officers working in the Corporation.

It is important to highlight here that respondents come from different organizational levels. Some incidents mentioned by the respondents have involved at least two of the respondents from the same business unit like the case of the clay school project. Some respondents have referred to the same incidents in their accounts like the case of the private sector project. This shows that the impact of the organizational purpose is felt across all organizational levels.

3.2.2. Shared Values and Corporate Culture:

The People's Organization Group has adopted shared values that take their essence and meaning from religion itself. Like in Arabian Star, people feel at home with these values because they can easily associate with them. At work, they do not feel very much alienated from their daily life (Al Faruqi, 1982; Al-Banna and

* A project is Shariah-compatible when it conforms to several criteria. The mode of financing should not involve an interest rate fixed ahead of time; both the financing party and the beneficiary share the profit as well as the risk. Besides, the project should not involve buying or selling items that are forbidden under Islamic law such as alcohol or narcotics. Projects should usually be environment-friendly and have no negative impact on social and moral values.

Al Anani, 1982; Al-Burai and Mursi, 1995; Al-Omar , 1999; Ali, 2005; Al-Attas, 1995; Al-Faruqi, 1995; Chapra, 1993; Noor, 1999; Izutsu, 2004). A peculiar feature of the People's Organization Group is its adoption of Islamic modes of financing as its *modus operandi*. As such, the Group has adopted values which are congruent and in line with its framework. Consequently, employees feel at home twice: the organization's *modus operandi* and its shared values.

The respondents' stories indicate that the shared values in this organization have a strong influence on the daily dynamics in the organization. Some stories reflect how the lack of a sense of shared values negatively impacts the work dynamics (Al-Jabiri 1994; Beekun and Badawi, 1999; Al-Baqri, 1987; Al-Aliyy, 1987; Al-Dhahyan, 1986; Al-Talib, 1991; Noor, 1999).

Almost all respondents agree that the team spirit is usually high, communication flows smoothly, and conflicts are very few, when the team members have a similar sense of adherence to the shared values. One respondent from the core projects financing unit shared the story of a field mission which involved a team of five members. A discrepancy in the level of adherence to the shared values was damaging to the team dynamics and eventually the quality of project appraisals. Performance excellence is one of the five shared values in this organization. The respondent comments that two members of the team were not fully engaged in the job assigned to them in the field. When the team met to integrate their findings before meeting the client for discussion, the data needed was not strong enough to pass a judgment on the viability of the project. This situation has resulted in postponing the discussions and travel back to the headquarters. *"It was a case of personality conflict over who should do what, and looking for personal credit. It was really embarrassing,"* he said.

Another respondent from the Private Sector Corporation shared an incident that shows the importance of integrity as an adopted value in the Group, and how it has influenced the relationship between the Corporation and one of the clients. This respondent, in the course of the discussions with the client, has been offered an attractive commission in return for giving a better rate of return. The respondent immediately reported the incident, and the Corporation took the firm decision to hold any dealings with this client in the future.

The respondent comments that the adopted shared value, i.e. integrity has impacted his behaviour, the decision made by the Management, and future dealings between the Corporation and clients. An adopted value has impacted the collective behaviour of the team members and the emergent behaviour patterns that result from their interactions among themselves as well as with clients (Mohammed O Al-Ibrahim, 1988; Qassem in Al-Burai and Mursi, 1995; Jabnoun, 2005). He comments: *"I was really encouraged by the decision of the Management. I felt I made a contribution and I personally attribute it to integrity besides my professional or technical know-how."*

Most respondents have agreed that the five values adopted by the Group make sense to them and they feel their impact on their activities. They have however pointed out that the key to a real and sustainable impact of these values is to systematically communicate them across the organization. Besides communication, leaders and managers need to live these values in practice. One respondent said: *"Not everyone has the same level of commitment to our core values. Top Management does believe in these values but proper and sustained communication is lacking. There was a competition on the best motto for the organization, but that was not enough."*

Respondents from the audit office have commented that in the course of their work, they have come to the conclusion that employees or business units that do not take the adopted values seriously, ultimately behave and act in ways that are detrimental to the purpose of the organization itself. While the purpose is worthwhile, they add, their experience in auditing the various units' activities shows that values are real contributors to a sustainable performance and consequently achieving the organizational results.

To illustrate how a variance in the degree of commitment to the values affects negatively the team dynamics and the overall performance of the organization (Mohammed O Al-Ibrahim, 1988; Qassem in Al-Burai and Mursi, 1995; Jabnoun, 2005), one respondent has cited the example of the new entrants into the organization. He has shared his experience during a field mission which comprised some new employees. While these new employees understood the overall purpose of the organization and the particular project they were visiting, the mission witnessed moments of conflicts which, so the respondent argues,

were attributed to the discrepancy of values among team members. In this case, the issue had to do with responsiveness to the clients' demands and queries.

Responsiveness in the People's Organization Group focuses on the fact that the organization is offering aid or contributing to the development process of its member countries, not as a favor to them but as a service they are worthy of. When meeting clients, behaving with responsiveness acquires a special meaning and the lack of it can cause serious political complications, especially that missions often visit high ranking officials in the member countries' Governments.

It is important to highlight here that all respondents have agreed that the differences in cultural and ethnic backgrounds, languages spoken, age and education do not represent a problem in the case of the People's Organization Group. One major element that unites all employees is the fact that all of them believe in the principle of unity in diversity, which is a strong concept in religion. It is considered unacceptable behaviour by religion that people judge or take positions against each other solely on the basis of their ethnic background.

As a consequence of this, respondents have argued that most conflicts at work are a result of differences in the level of commitment to the shared values. For these core values guide their actions and provide them with a point of reference to make sense of each other's actions (Al-Banna and Al Anani, 1982; Al-Burai and Mursi, 1995; Al-Omar , 1999; Ali, 2005; Noor, 1999; Goleman, Boyatzis, and McKee, 2002; Spitzer, 2000; Kouzes and Posner, 2002; Collins and Porras, 1994; Kotter, 1996; Argyris, 1994; Csikszentmihalyi, 2003; Raghieb in Al-Burai and Mursi, 1995). They become filters through which they interpret things, and can predict how different people may react in different situations.

3.2.3. Motivation:

Respondents have shared interesting thoughts on the impact of the individual's motivation on the overall team dynamics (Mohammed O Al-Ibrahim 1988; Qassem in Al-Burai and Mursi, 1995; Jabnoun, 2005). Some respondents argued that without the individual's involvement, the organization's purpose comes to a crisis, and the shared values become a mere organizational narrative devoid of any meaning. They have shared instances either in office or during field

missions that illustrate their point. One common feature of these accounts is the extent to which a weakness in one individual systemically influences everyone else. Among the indicators for such systemic influence are: a low level in information flow, conflict over decisions, miscommunication, and lack of trust among team members.

Other respondents have argued that their experience has taught them that without the individual's willingness to share and contribute to the overall success of the team and the organization, neither a clear and well-communicated purpose nor well-adopted shared values, would be enough (Al-Banna and Al Anani, 1982; Al-Burai and Mursi, 1995; Al-Omar , 1999; Ali, 2005; Al-Attas, 1995). Others have commented that while the organizational purpose is relatively stable over a few years, and the shared values do not change frequently, the individual's motivation to engage in exchange with the others is subject to change.

Other respondents have commented that when some team members are more engaged in exchange than others, the less engaged may become intimidated. On this point, one respondent commented that intentional motivation and embracing of organizational values, when engaging in team work, are important factors that contribute to a coherent work environment. He related that, as a department director, he often noticed that some employees would go a long way in their contribution, even beyond their scope of work. The less active react by building defense mechanisms such as attempting to sabotage projects by consciously not contributing to the team work. He further commented that such situations arise especially when there is an issue of potential for promotion:

"I have seen team members who are over-zealous. They want to take credit for themselves. Some may engage in undermining others' efforts. This kind of teams is bound to fall in conflicts. Our department is currently working on a major I.T. project that involves all the organization's business units. I have noticed a clear variance in the level of people's involvement. Some employees don't seem to see how the project impacts their daily work. Of course, this is an integrated system, and it is difficult to feel its impact unless the full picture is complete. Once the project is completed, all processes become automated and we shift to a paperless organization. Few can see it now, and that's why you see differences in their

involvement. They claim a lack in understanding of technical issues or they are busy. We had to postpone many meetings because of this situation. The project is late by now."

One respondent reflected on his experience with team members at various levels. According to him, the impact of individuals' involvement, through their intentional engagement, on the overall organizational coherence is much stronger than any measures to push individuals to perform such as reward systems, policies or punishment rules (Mohammed O Al-Ibrahim, 1988; Qassem in Al-Burai and Mursi, 1995; Jabnoun, 2005; Ahmad, 1995; Abdulhadi, 1986; Abu Sinn, 1984; Kanaan, 1985; Al-Jabiri 1994; Beekun and Badawi, 1999; Al-Baqri, 1987; Al-Aliyy, 1987; Al-Dhahyan, 1986; Al-Talib, 1991; Noor, 1999). This view is not shared by all the respondents. Some comment that their experience indicates that reward systems are strong motivators for individuals to live up to the purpose of the institution, take the shared values seriously, or engage in productive exchange with other team members.

Respondents from both organizations, sharing the view that reward systems are strong motivators, belong to the lower and middle organizational levels. Their feeling that they are underpaid or unappreciated seems to impact their motivation (McGregor, 1960; Maslow, 1954, 1962). Inappropriate reward systems seem to undermine the organizational rhetoric of upholding the shared values and working for the overall purpose. In the case of these respondents, this becomes an empty rhetoric because they find no meaningful reason to give more to an institution which is rewarding them with less.

Despite differences in views, most respondents agree that besides the purpose and the shared values, the personal drive of the each individual is critical. Some indicators of a team whose members are fully engaged are a lack of disillusionment, equal participation, less conflicts, transparency, and an overall moral environment in which team members treat each other with respect.

Auditors have shared stories that illustrate how an individual's non-engagement can undermine the whole group's efforts. A lot of audit reports shared by the auditors indicate that a weak project is usually the work of a team whose members have been assigned tasks, and where particular individuals' input has been weaker. One respondent said:

"Our work often involves interviewing people. We also distribute surveys throughout the organization to detect people's patterns of thinking regarding efficiency and effectiveness. And I can assure you that many respondents attribute lack of effectiveness to weak accountability systems. Some people feel they are there until retirement. So even if they contribute the minimum, their job is secured."

One employee from the Information Technology Department has shared his experience where some team members' unwillingness to engage affected the collective learning of the team, their morale, and eventually ended in a longer timeframe than expected.

Respondents have also agreed that a major element lacking in the organization is a systematic and effective communication process by the Management of the importance of purpose, the shared values, and the individual's involvement. Employees seem to work and behave with commitment mainly because they find some affinity between the organizational mission and values, and what they hold as personal principles in life. They seem to find meaning in their job especially those whose job requires them to travel to the field and meet beneficiaries from member countries.

In the case of each individual's motivation, many respondents have agreed that the organization lacks a strong sense of accountability. The organization adopts the tenure system which guarantees a life-long employment until retirement. This situation has created a sense of complacency among most employees. On the one hand, they believe in what the organization upholds as a mission to promote development in its member countries as well as the minorities. It has also adopted strong values. By the mere fact that this mission and values have their roots in the religion that all employees believe in, there are little disagreements about these two issues. The real difference lies in the actual translation of these beliefs into real practice. People do not find difficulty announcing their commitment to the ideals of the institution perhaps because they have to save their face with the others. However, intentional engagement manifests in behaviour and actions that can be seen by the others.

All respondents agree that the really successful projects and business units are those that have managed to combine a strong belief in the mission, a strong

belief in the shared values, and an intentional involvement of individuals (Ali, 2005; Jabnoun, 2005; Abdullatif, 2002; Beekun, 1997). To illustrate this point, one respondent has cited the example of the creation of the Private Sector Corporation a few years ago. The purpose was clear, to focus on the development of the private sector. The work values were strongly communicated. And finally, a dedicated team was put together under the leadership of a highly engaged senior manager in the mother People's Organization Group. Within three years, the Corporation has expanded throughout the member countries and has become a success story.

One respondent said: *"To me, the role of the leader was paramount. The fact that the team was small also helped."* It is worth mentioning that at the time of the interview, this leader has already left the corporation, and a new one was appointed. The Corporation is growing bigger in size. One respondent who contributed to the establishment of the Corporation with the first CEO added:

"We are witnessing a difference in leadership involvement. To be honest, the current leadership does not give much attention to shared values. The business units providing administrative support are growing in size, and this is adding more burdens on the administrative budget. It is thanks to the dedicated involvement of a few project officers that things are moving. No one will disagree with the corporate mission or the values, but the real difference lies in people's involvement and dedication."

4: Summary of Findings

This study has attempted to explore the implications of the Islamic worldview for management thinking and organizational behaviour, and more specifically: the impact of people's belief system, their value system and their sense of purposefulness on the dynamics of their daily interactions and behavior. Another objective of this study has been to contribute empirical data on the implications of the Islamic worldview for organizational behaviour in two organizations in Saudi Arabia to the body of knowledge in the field of international human resources and organization studies, as well as the studies on the implications of Islam for management practice and organizational behaviour.

The chapter on literature review has shown that Islam, as a worldview and way of life, is founded on the concept of purposefulness in life, the power of shared values and the sustainable results of a motivation that is driven by high-level aspirations and goals (Nasr, 1981; Qutb, 1991; Hakim in Ibrahim and Hakim, 1996; Naquib Al-Attas, 1995; Al-Khadiri in Al-Burai and Mursi, 1995; Ali, 2005; Al Attas, 1995).

The empirical research conducted reveals that the principles of the Islamic worldview have a positive influence on the organizational culture and effectiveness. The values adopted by the two selected organizations stem from the very religion in which respondents believe. They act like frames of reference for employees and help establish a common language and a shared discourse. Consequently, leaders can increase organizational effectiveness by infusing higher levels of purposefulness through the organization's mission and vision, by disseminating and personally living by the corporate shared values, and by motivating employees to the higher goals that go beyond the immediate profit or success over competition (Al-Banna and Al Anani, 1982; Al-Burai and Mursi, 1995; Al-Omar , 1999; Ali, 2005; Al-Attas, 1995; Al-Faruqi, 1995; Noor, 1999; Raghieb in Al-Burai and Mursi, 1995; Ahmad, 1995; Abdulhadi, 1986; Abu Sinn, 1984; Kanaan, 1985; Al-Jabiri 1994; Beekun and Badawi, 1999; Al-Baqri, 1987; Al-Aliyy, 1987; Al-Dhahyan, 1986; Al-Talib, 1991; Noor, 1999).

Both Arabian Star and the People's Organization Group employees have become part of an overall purpose. Achieving the targeted objectives is the central focus of their activities. Their individual engagements become aligned to the bigger purpose and the common language of the Company's shared values.

Sharing values mean that employees actually speak the same language and understand each other's frames of reference. Respondents agree that most conflicts are a result of differences in values. Respondents come from different ethnic backgrounds, hold different education degrees from various places in the world, and speak different languages. However, none of the respondents has indicated that these differences have had a noticeable impact on the work dynamics. These differences have become neutralized given the power of the shared values which borrow their impact and legitimacy from the religious

tradition. In fact, this cultural and ethnic diversity has induced a sense of unity around an ideal.

None of the respondents have indicated that employees disagree about the organization's purpose. However, their responses have revealed that disagreements arise as a result of differences in committing to the organizational values on the one hand, and the individual's level of intentional engagement to contribute to the overall good of the organization.

Although values are shared, they still represent a potential for tension. In cases of conflicts because of non-adherence to the shared values, employees have tendencies to create personal goals to work for. Instead of being part of a common purpose, they become each other's hostile environments. They start competing instead of cooperating. Eventually, the overall purpose is harmed (Noor, 1999; Raghieb in Al-Burai and Mursi, 1995; Ahmad, 1995; Al-Jabiri 1994; Beekun and Badawi, 1999; Al-Baqri, 1987; Al-Aliyy, 1987; Al-Dhahyan, 1986; Al-Talib, 1991; Noor, 1999).

Individuals' motivation constitutes the organizational space wherein the webs of connections and relationships between employees take place. In their exchanges, employees display different levels of willingness to contribute. These exchanges influence the transformation process at the individual and organizational levels. This can take the form of readily providing information, or sharing a relevant experience, or giving feedback. The higher the level of intentional willingness, the stronger the transformation process. The more people willingly share, the more they develop and grow. A low level of motivation influences the level of exchange in the system. This impacts in turn the confidence in the shared values and the adherence to the company purpose (Mohammed O Al-Ibrahim, 1988; Qassem in Al-Burai and Mursi, 1995; Jabnoun, 2005).

As for the shared values, they help leaders better understand how to manage conflicts and differences, and how to benefit from aligned teams around shared values. At the level of the individuals' motivation, leaders have an opportunity to capitalize on the individuals' energy and motivate them to create a collective power. In communitarian social contexts, such as in Islam, engaging the

spiritual aspirations and religious ideals is a powerful source of energy and motivation for people.

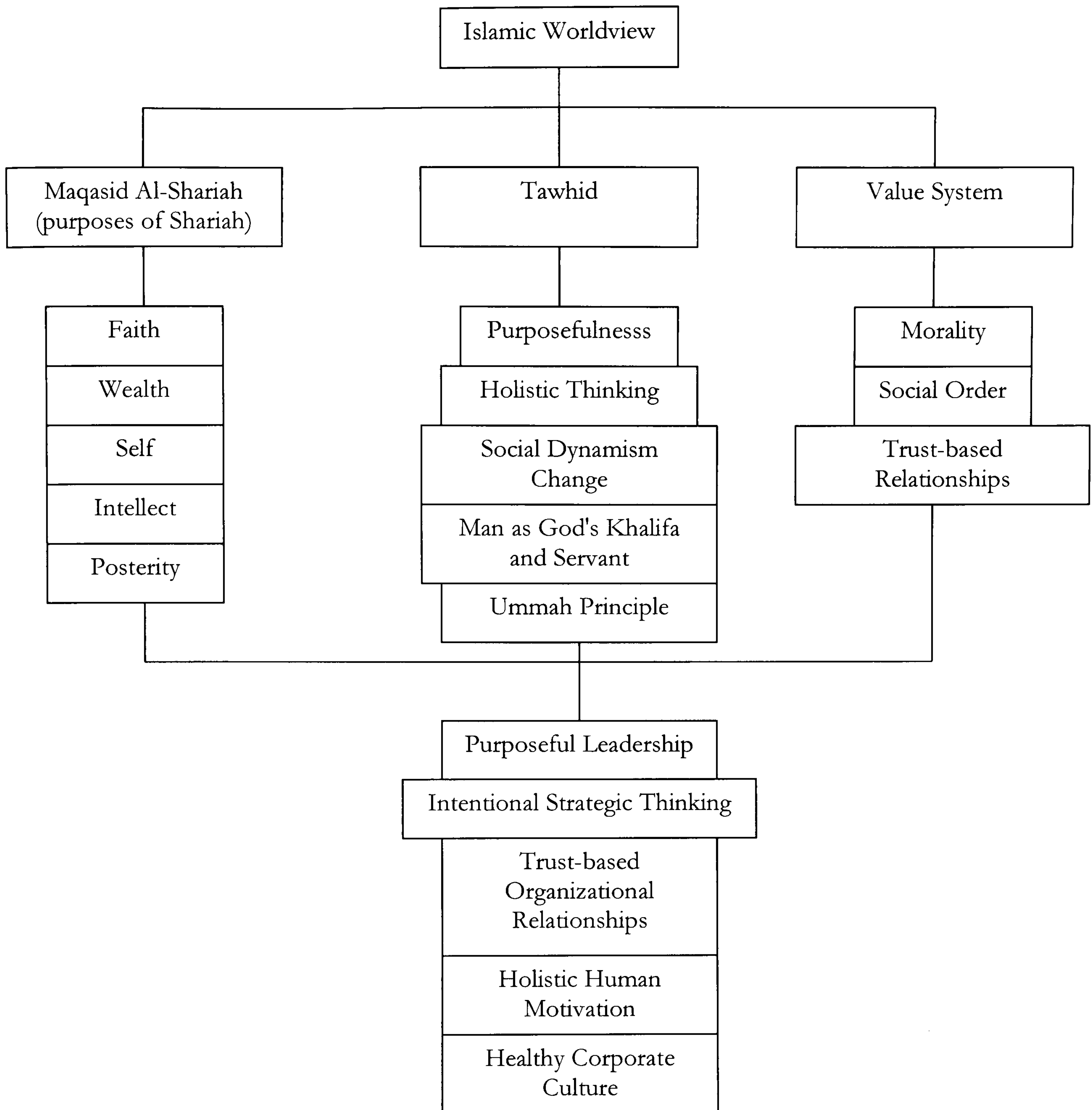
As revealed by several responses, people in the two organizations find themselves engaged in complex networks of relationships. They no longer see themselves as separate entities, independent of the others. They realize that it is only through the others that they can sustain in the overall system of which they are part. Consequently, a new organizational narrative emerges among them. They start thinking in accordance with this new narrative which emphasizes a "we" and "us" attitude rather than an "I" and "me" attitude.

Thinking through a network-based narrative, people in the two organizations realize that just as the others' behaviour has an impact on them, so their behaviour impacts the others. As they interact through networks, they realize that one small input on their part can have a huge impact throughout the system. Consequently, a behaviour which is informed by a shared value impacts not only the group dynamics but has also long term effects. As testified by several stories, communication flow increases and team members wish to join similar teams with similar relationships.

Leaders in these two organizations have created the necessary conditions conducive to the emergence of behaviour patterns guided by the shared values and inspired by a strong sense of purposefulness and motivation. These same conditions provide the leaders with a management framework to guide their continuous efforts to improve the effectiveness of their organizations. In other words, organizational development interventions can benefit from these conditions as a basis to design solutions for a better organizational alignment.

Table (1) below summarizes the main study findings based on the literature review and the empirical data:

Table 1



Chapter Six

Conclusions

1. Introduction

This study was conducted in two organizations that have adopted one way or the other some principles of the Islamic worldview. The focus of the study was on three specific dimensions that have proven, according to the empirical findings, that they have a positive impact on organizations. While these aspects of the Islamic worldview are important, they do not constitute an integrated management framework as such. They are important behavioral aspects that are necessary for a healthy environment in an organizational setting. However, they need to be supported by other critical elements such as: a strong leadership inspired by the purposefulness of creation; a systemic environmental awareness which positions the organization as a positive player vis-à-vis its environment; solid internal processes and policies; human resources practices that give special attention to the development and career aspirations of the employee; a commitment to knowledge sharing; and an organizational structure that facilitates strategy implementation.

Several attempts have been made to put together models or frameworks of one aspect or another of management thinking and practice from the perspective of Islam. However, none of these attempts present an integrated framework that put together the many important features of organizational effectiveness that each of these frameworks tackle on its own.

It is worth highlighting in this context that there is evidence, in the literature reviewed and the empirical data in this study, that shared values, purposefulness, Tawhid-based holistic thinking and motivation inspired by high ideals, have a positive impact on individual and organizational effectiveness. However, the contemporary research in Islam and management lacks an integrated model that is at the same time comprehensive in its scope and practical in its implementation. For this reason, I will propose an integrated management framework that will hopefully fill this knowledge gap and pave the way for further future research. Along with the framework, I am proposing a diagnostic pipeline for organizational effectiveness that constitutes of practical steps for managers

and practitioners to measure organizational effectiveness and to decide where an intervention is needed to improve the situation. But before providing the details of the proposed management framework and the diagnostic pipeline, I will in the next sections briefly describe some of the existing models by selected Muslim writers.

The existing frameworks cover the following aspects: an Islamic Model of Leadership by Abbas Ali (2005); Prophet Mohammad's Leadership Paradigm by Ismail Noor (1999); the Model of Islamic Total Quality by Mazilan Bin Musa et al (2003), and an Islamic perspective to leadership by Rafik Beekun and Jamal Badawi.

1.1. Abbas Ali: Abbas Ali's (2005) model of leadership focuses on the attributes of a Muslim leader in an ideal cultural context. In his words, *"since both the Quran and the Prophet's teaching place emphasis on social cooperation and idealism, there is a need for a model that reflects the essence of the Islamic message, while capturing the nature of leadership in the Muslim world...The suggested model explains how two primary types of leaders come to exist. The model has four elements: personalism, idealism, great expectation, and culture."* (p. 148).

For Ali, personalism is a characteristic of Muslim society whereby individuals relate to each other in a personal and warm manner. As such, it needs to be encouraged and promoted. Idealism, on the other hand, is what a Muslim social community aspires to attain, an ideal character informed by the teachings of the Quran and the Prophet's conduct. Great expectation refers to the desired state characterized by improved societal conditions and a higher cultural identity. Finally, the culture that is healthy for sustainable development is the one that is based on the prophetic model of leadership, epitomizing the ideal human characteristics and attributes, rather than a "caliphal" model that is based on the will of the leader and a lack of institutionalism.

Ali succinctly links personal leadership characteristics to the social dynamics and the interplay between the two, where influences and is influenced by the other. In the context of the organization, he does not provide an integrated approach that leads to organizational effectiveness. In other parts of his research, he deals with such issues as power and decision making in contemporary Arab

societies and reflects on the Quran teachings and the tradition of the Prophet, and highlights the gap between a glorious past and a backward present. On the basis of this analysis, he theorizes about the potential of the basic Islamic principles and the core values of Islam in establishing healthy societies where justice and happiness become the norm.

Ali occasionally critiques the Sunni tradition particularly, him being from a Shia background, regarding issues of authority and the legitimization of power by Sunni clerics in support of the ruling caliph at different times of the history of Islam. He says: *"A cornerstone of most Sunni schools is the legitimacy of authoritarian actions by the leaders of society. This particular orientation stems from the fact that most of the religious leaders in the Sunni community in the Islamic world were appointed by the government and they often tend to tolerate and justify the totalitarian actions of existing leaders (e.g., traditional Sunni theologians such as al-Ghazali, Ibn Jamaa, al-Mawardi, and al-Bagillani have sanctioned obedience to unjust leaders)."* (Ali, 2005, p. 126).

While Ali's scholarship represents a major source of knowledge on Islamic perspectives of management and organizational dynamics, his focus tends to be more on the psychology of leadership and the individual characteristics of leaders. He often critiques the political and societal causes of leadership behavior in Muslim rulers in history and today, and draws conclusions that often justify, from his perspective, the necessity of upholding the core Islamic values and work ethics that will help the Muslim world to transform itself into a nation at par with the modern world. He does not however propose an integrated framework that can be put in practice in order to bridge the gap between an ideal history and a utopia that is yet to be realized.

1.2. Ismail Noor: In an earlier context of this thesis, I argued that Noor (1999) is among the first modern Muslim management writers who have proposed an integrated model for organizational effectiveness based on the Prophet Mohammed's leadership paradigm. The major dimensions of this paradigm are: 1. Alignment which takes its roots from Tawhid and thus inspires a sense of mission and purpose. 2. Attunement to the systemic purpose and mission, which incorporates the shared communal values such as commitment, trust, mutual respect and working for the overall good. 3. Empowerment that induces the

leader with more responsibility and accountability for the community, thus embodying the role of the vicegerent (*khalifah*) of God on earth. *"When all these three elements have been addressed, then we have al-falah, which gives synergy – the total convergence of the elements into a symbiotic whole. Synergy entails the attainment of success and prosperity for all who share the common vision of greatness"* (Noor, 1999, p. 3).

Within the integrated model for leadership effectiveness, Noor proposes a set of competencies and behavioral conduct that assist leaders in managing their teams and achieving effective results. These competencies are: mutual consultation, justice, freedom of expression, personal integrity, enhancement of relationships, leadership efficacy, ethical conduct, and moral uplift through spiritual knowledge. Noor presents a series of events and landmarks in the history of Islam where leaders embody, through their decisions and behaviors, some of the competencies that are in harmony with the Muslim worldview and which, at the same time, led to results for the Muslim community at large.

A major feature of Noor's leadership model, like Ali, is the predominance of behavioral competencies and the core values of Islam. It always takes the ideals of the Quran as a reference and theorizes on their relevance and potential impact on today's organization. Noor, however, talks about the importance of cascading the organizational vision by the leaders and the process of continuous evaluation. To prove his points, Noor dwells on historical events since the time of the Prophet Mohammed and the later periods of Islamic history.

1.3. Mazilan Bin Musa et al.: From Malaysia, where a whole movement of interpreting modern social sciences from an Islamic perspective has flourished and to which Noor Ismail above belongs, Mazilan Bin Musa and other writers have looked at the total quality management school and proposed an alternative Model of Islamic Total Quality (2003). Nine elements categorized in three dimensions constitute the model: process and design which fall under the Process dimension; management and employee which fall under the Implementers dimension; and rules/regulations, clients, public, environment which fall under the Guidance dimension.

The assumption behind the total quality model above is that an Islamic organization has to have a strong internal system and a systemic responsibility for

its external environment. The model however does not provide the practical tools to achieve that. It dwells on the importance of religious understanding which is a pre-requisite for the Guidance dimension, as well as the concept of work as an act of worship. It remains however an important reference for some management aspects in the Islamic thought system.

1.4. Rafik Beekun and Jamal Badawi: living in the West, USA and Canada respectively, Beekun and Badawi (1999) have attempted to approach the theory and practice of leadership from the perspective of Islam. Their main focus is on the moral and ethical aspects of practicing leadership. Hence their focus on such core values as *Birr* (fair dealing), *Amanah* (trust), *'Adl* (justice), *Mujahadah* (self-improvement), and *'Abd* (integrity and keeping one's word).

The authors argue that just as these core values have helped the Muslim leaders in the early days establish the Muslim state at the time of the Prophet Mohammed, we can also manage our institutions guided by the same principles and values. It is very interesting to note that Beekun and Badawi approach leadership from the perspective of Islam, taking into account the context or the situation where a leader is in action. They talk about a leader's characteristics, the followers' characteristics, and the situation characteristics. When these three areas match and harmonize, as if in a "locus of three circles" (Beekun and Badawi, 1999, p. 37), the leader is more effective.

Beekun and Badawi present their views on leadership in the absence of an integrated framework for organizational effectiveness. In their analysis of the leader's characteristics, they refer back to the ideal types of men and women that the history of Islam has witnessed. Their research remains however an important reference for researchers on the implications and relevance of Islam to management studies and practice.

On the basis of the findings of this study and a critical view of some of the existing management models from the view of Islam, I propose a general framework for the management of organizations from the perspective of the Islamic worldview (Figure 1). To put the framework in practice, I propose also a practical diagnostic pipeline for organizational effectiveness (Figure 2) that can be used by management practitioners and consultants to diagnose the level.

Figure 1

Islamic Management Framework

Purposeful Leadership (Tawhid-inspired)

Unity of Purpose: why do we exist?
Aligned Strategic Intent: what is our vision?
 Systematic communication: do we have a communication strategy?

SWOT
 External Environment
 Analysis:
 (Opportunities and
 Threats)
 Internal Environment
 Analysis:
 (Strengths and
 Weaknesses)

Systemic Environment Awareness:
 Are we healthy internally?
 Do we have a positive impact externally?

Internal Culture Audit
 Is our behaviour aligned with our values?
 Do we care for the welfare of our human capital?



Self-Assessment
 360 feedback
 Emotional intelligence
 The various psychometric
 assessment tools

Holistic HR Strategy

Man as God's Servant (*Abdullah*)
 to achieve:
 - Personal Accountability
 - Systemic Social Responsibility
 - Be a Change Leader

Achieving *Maqasid Al-Shariah*
 Faith (*Din*)
 Self (*Nafs*)
 Intellect (*Aql*)
 Posterity (*Nasl*)
 Wealth (*Mal*).

Man as God's Trustee (*khalifa*)
 to achieve:
 - Corporate Khilafa
 - Continuous Improvement with *Itqan* (perfection).
 - Global Outlook with a Mission

HR Strategy Implementation

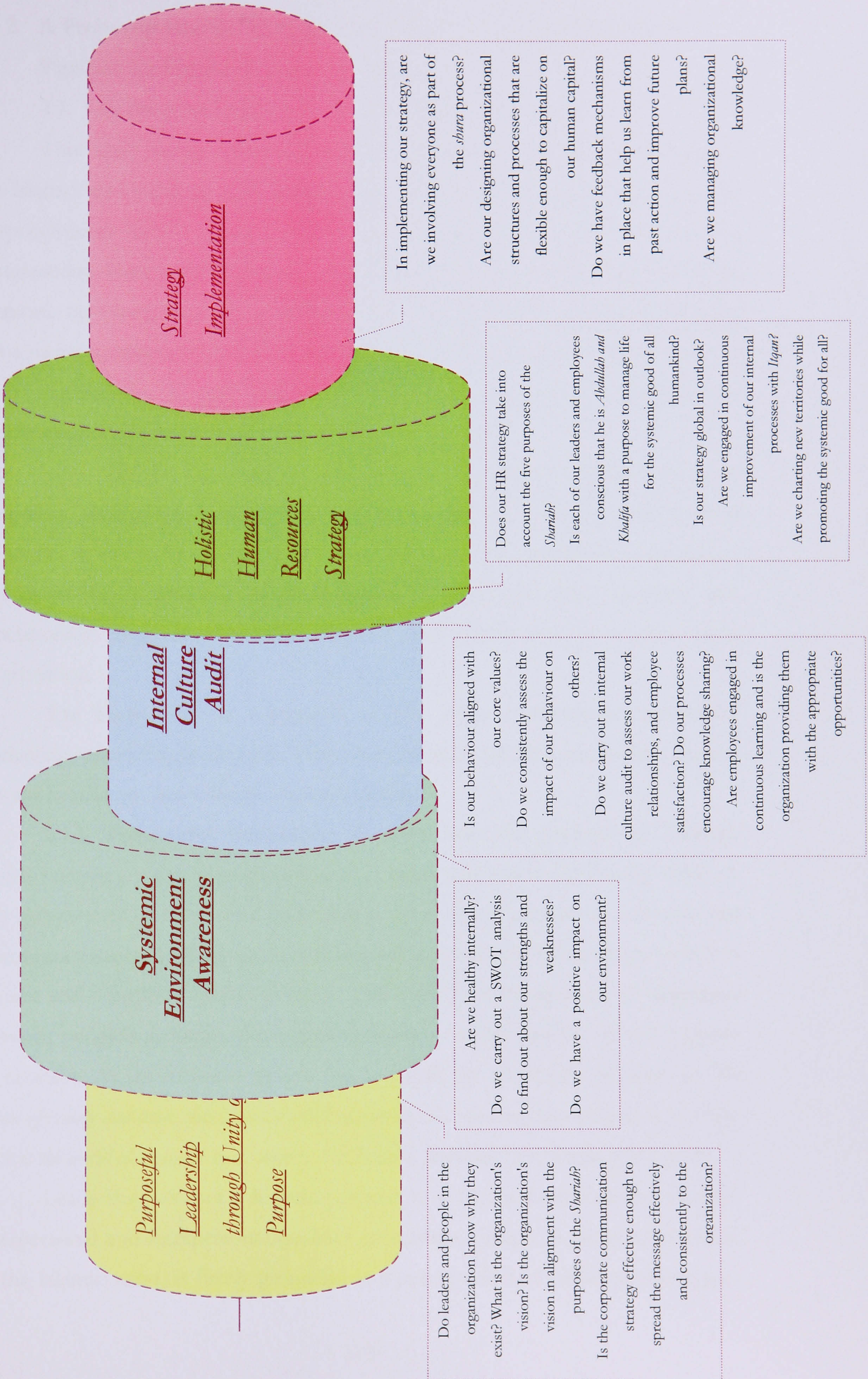
Organizational Structure Design: Shura-based

Continuous Improvement
 and Feedback

Knowledge-Intensive Organization: Zakat for Knowledge

Figure 2

Diagnostic Pipeline for Organizational Effectiveness



2. A Proposed Islamic Management Framework and a Diagnostic Pipeline for Organizational Effectiveness

2.1. The Proposed Islamic Management Framework:

This study has provided empirical evidence that, from the perspective of the Islamic worldview, people's belief system, their value system and their sense of purposefulness have a positive impact on the organization's effectiveness and sustainability. However, while these conditions are critical and the majority of the literature on Islamic management has focused on them, they constitute the basis for a more comprehensive framework that is needed in order to fully explore the deep implications of the Islamic worldview for management thinking and organizational effectiveness.

In the following, I will explain the various components of a proposed Management Framework (Figure 1) that is based on the general principles of the Islamic worldview. In order to put the -Framework in practice, I am proposing a practical pipeline (Figure 2) that will help managers and practitioners diagnose their organizations and detect the areas that need intervention.

The Framework is composed of five main components: purposeful leadership, environment systemic awareness, internal culture audit, holistic human resources strategy, and strategy implementation.

2.1.1. Purposeful leadership: it stems from the principle of Tawhid, which induces a sense of purposefulness in belief and action (Al-Faruqi, 1986). A key competency of purposeful leadership is the ability of a leader to articulate and communicate a compelling vision that inspires commitment from others, based on sincere and consistent ethical practice. This leads to a strong sense of alignment between people's activities, the corporate strategic intent and the overall purpose of creation. As the literature review has revealed, the worldview of Islam is: *"the vision of reality and truth that appears before our mind's eye revealing what existence is all about; for it is the world of existence in its totality that Islam is projecting"* (Al-Attas, 1995, p. 7).

Leadership without a holistic purpose is at best a demonstration of good interpersonal and intrapersonal qualities to manage change. A purposeful leader, in the Islamic sense, is firmly grounded in a strong ethical foundation that guides

all his activities and thinking. He is managing life in its totality, fully aware that while there are changes happening, which require proper management, there are also permanent constants that never change such as his value system. He is constantly engaged in a process of lifelong learning and improving his situation with a consistent awareness that he is at the same time a trustee of God in life and a servant.

As a trustee, he is confided with the responsibility to establish civilization for the systemic good of everyone existing, to establish institutions to achieve "corporate *khilafa*" and to position himself as a global leader with a mission. As a servant of God, the purposeful leader has a high sense of personal accountability as well as a systemic social responsibility. Consequently, he is not accountable only to the shareholders or the community he is serving; he is accountable first to his Creator from whom he has taken the trust, which he was created to fulfill. This holistic awareness goes beyond the strategic visioning; it is a holistic insight into the true nature of one's existence and the responsibility that it entails.

2.1.2 Systemic Environment Insight: this second component of the proposed Islamic Management Framework is a natural result of the first one i.e. purposeful leadership. It is a religious duty to care for the environment: "*...but seek for the good as Allah has been good to you, and seek not (occasions for) mischief in the land, for Allah loves not those who do mischief*" (Quran, 28:77). A purposeful leader's core competence is to engage in a systemic environment insight that helps him put his purposeful actions in context. Without environment insight, strategies and plans remain irrelevant. In order to achieve that, the purposeful leader needs to carry out a SWOT analysis that positions the organization vis-à-vis its environment and highlights the internal strengths and weaknesses. The SWOT analysis is carried out on a continuous basis to reflect the changes in the environment.

2.1.3. Internal Culture Audit: the purpose of the internal culture audit is to carry out a health check of the organization. It seeks to answer two fundamental questions: Is our behavior aligned with our values? Do we care for the welfare of our human capital? To achieve that, the audit diagnoses the following dimensions of the organization's human resources practices:

- Work relationships: healthy work relationships based on mutual support and the systemic good of the organization. Two key competencies need to be inculcated in the organization culture and communicated by the purposeful leader: 1) feedback: it is a fundamental Islamic principle that feedback is a gift (Al-Omar, 1995). Purposeful feedback helps employees learn from their mistakes and improve their productivity. Lack of feedback creates a white space in the organization usually filled by negativity and slandering. Destructive behaviour such as arrogance when given feedback, succumbing to one's ego and bad company are primary causes of leadership derailment (Al-Attas, 2007). 2) justice: it is a value and a core competence. According to Al-Attas, *"justice (adalah) is derived from one of the Beautiful Names of God. It must be regarded, like wisdom, as a first principle in the science of ethics. It is a condition of things and beings being in their rightful and proper places. It is order bringing about harmony in the soul, in the state, in nature. As an act, it has no extremes of excess and deficiency...it has only its opposite which is injustice..."* (1995, p. 36).

To achieve healthy work relationships, a thorough diagnosis should be carried out through human capital surveys or in-depth interviews to assess the job satisfaction level among employees representing different levels in the organization.

- Job satisfaction: The high-end motivators (Maslow, 1954, 1962; McGregor, 1960; Herzberg, 1959) that stimulate individuals to higher goals and thus become great sources of satisfaction and fulfillment are well recognized by Islam (Mohammed O. Al-Ibrahim, 988; Qasim in Al-Burai and Mursi, 1995; Jabnoun, 2005). Nonetheless, Islam respects the basic human needs of individuals. A healthy culture provides for both high and low end motivators. When the purposeful leader rallies employees in the organization to high morals and values, while paying little attention to their job satisfaction, the values and the ideals themselves become counter-

productive. The gap between the espoused theory and theory in use (Schein, 1992) becomes very wide i.e. the purposeful leader's declared core values are not congruent with the organizational practice, which leads to a sense of disenchantment and alienation.

Another aspect of job satisfaction lies in the organization's human resources systems and practices such as remuneration, staff development and talent management. The internal diagnosis, carried as part of the internal culture audit, should reveal the effectiveness of the human resources systems in place.

- Organizational effectiveness: The purposeful leader is accountable to deliver results and create impact. While the moral and ethical ideals are desirable and constitute the foundation of behaviour and thought process, the results on the ground are the measure of how effective the organizational philosophy is. Adopting the proposed Islamic Management Framework will create the desired impact when results on the ground make a difference and improvement becomes tangible. This is in line with the guiding principle of corporate *khilafa* which can only be achieved through effective organizations and institutions.

The diagnosis needs to be designed in such a way as to analyze how effective the organization is for its customers and shareholders and how far it is perceived as a role model for the other organizations.

- Knowledge sharing and lifelong learning: the purposeful organization needs to promote knowledge-intensive processes and exchange. Knowledge sharing safeguards the institutional memory in such a way that the organizational knowledge does not disappear when individuals leave the organization. This principle is in full alignment with the principle of man being God's trustee and his continuous strive to establish corporate *khilafa*. Corporate *khilafa* transcends the individual and establishes the foundation for sustainable institutions that outlive the individual. It is in this

particular sense that knowledge sharing is critical for strategy implementation.

- **Islamic Values:** They constitute the heart of the internal culture audit. All the four elements above are inspired by the Islamic values and should feed back to them. Care for the employees, justice in policies and procedures, transparency through honest feedback, seeking the systemic good through knowledge sharing, and the positive impact on the larger community are examples of the values that the purposeful organization adopts and promotes.
- A constant self-awareness and self-assessment in order to live up to the purpose: this is achieved through various scientific tools of measurements such as the 360 feedback, the insights gained from training on emotional intelligence and the various psychometric assessment tools. A purposeful leader needs to be aware of how others perceive him because his behaviour impacts them.

2.1.4. Holistic Human Resources Strategy: Inspired by the fundamental principles of the Islamic worldview, and driven by a purposeful leadership, systemic environment insight, and an internal culture audit, the human resources strategy is holistic in essence. Its primary objective is to align behaviour with the declared core values to achieve higher effectiveness and efficiency. In fact, working for effectiveness and efficiency is deeply ingrained in the Islamic concept that work is an act of worship (*Ibadah*). Bin Musa and Salleh (2003) summarize five criteria for work to qualify as an act of worship: "(1) sincere intention; (2) work done is in line with Islamic principles; (3) observing the *akhlaq* [morals] of Islam while performing work; (4) work done is beneficial to all, and (5) work is done through prioritization" (p. 39).

Holistic human resources strategy is based on three major components:

A. Achieving *Maqasid Al-Shariah*: a human resources strategy, in the view of the Islamic Management Framework, should aim first and foremost to safeguard for the individual the five rights that the Shariah aspires to nurture and protect i.e. faith (*Din*), self (*Nafs*), intellect (*Aql*), posterity (*Nasl*), and wealth (*Mal*).

B. Man as God's Trustee (*khalifa*): the engine of the human resources strategy is the individual. Based on given epistemological and ontological premises, individuals engage in networks of relationships among each other. They interpret phenomena, actions and behavior through their epistemological and ontological models of the world. In the Islamic Management Framework, the philosophical model through which the purposeful leader looks at the world is based on the belief that he is God's trustee (*khalifa*). This entails that the institutions he establishes will have to contribute to the corporate *khilafa* i.e. trusteeship that is actioned, not through individual efforts only, but through institutions.

To achieve a sustainable corporate *khilafa*, the purposeful leader needs to keep the organization on the edge through continuous business process of design and redesign to remain relevant for the customers and effective for the purpose. *Itqan* or perfection is the core competence in this process of continuous improvement. On the other hand, since the purposeful leader is purpose-driven, his mission transcends him and his organization. He needs to be vigilant to the bigger picture globally. While he is purposeful and relevant locally, he has a mission globally: to establish civilization for holistic peace, and that is essentially the meaning of Islam.

C. Man as God's servant (*Abdullah*): in his pursuit to achieve the corporate goals, guided by the objectives of Shariah and in his capacity as God's trustee, the purposeful leader, from the view of the Islamic Management Framework, behaves as the servant of God. This has deep implications on the way he manages people and resources. He has a personal accountability for the processes and the results in the organization. As a servant of God, he is first accountable to God before anybody else. He is a servant-leader when he serves the others. As a purposeful leader, he is continuously engaged in leading change. Allah says: "*Allah will not change the fate of a people until they change what is in themselves*" (Quran, 13:11).

These three dimensions, the *maqasid Al-Shariah*, acting as God's trustee and servant, constitute the mental model of the purposeful leader. It is through this

frame of reference that he perceives his role as a manager of life while he is engaged in managing his organization.

2.1.5. Strategy Implementation: in implementing holistic human resources strategy, the purposeful leader needs to put in place the following core elements:

A. A strong organizational structure design: in an age of uncertainty, the purposeful organization needs to be responsive to the volatility of the environment and fast-pace change. Internally, it needs to have a flexible structure based on *shura* or the participative process whereby all the relevant elements of the organizational internal network participate in decision-making. *Shura* also implies the delegation of authority that allows decisions to be made at the local level of a particular organizational unit. For Max de Pree (1989), participative management is not an item that can be added or deleted from a policy manual. It should be part of the organization's philosophy.

Inspired by the trusteeship principle, a decision maker needs to be fully vigilant to the implications of his decisions on the total organizational system. *Shura* principle is based on Islam's positive belief in human potential. We read in the Quran "*We have indeed created man in the best of moulds*" (Quran, 95:4). As God's trustees, men are required to integrate *shura* in their decision making process. Allah says: "*And they consult their affairs by mutual consultation*" (Quran, 26:38).

B. Continuous Improvement and Feedback: While feedback helps the individuals learn from past mistakes, it is carried out with a full awareness that the new insights and learning acquired belongs to the organization rather than the individual. In this way, the purposeful leader's mission is to create a knowledge-intensive organization.

C. Knowledge-Intensive Organization: A critical core competence to establish a knowledge-intensive organization is to practice the principle of what I call *zakat* for knowledge. Muslims are required to pay *zakat* for income i.e. an amount of 2.5% of their income annually to the poor and the needy. However, it is also a religious duty to pay *zakat* for the knowledge that one has. The *zakat* for knowledge takes the form of sharing everything one knows. It is a one hundred

percent payback transaction. The knowledge that one has is not his own. It belongs to the community he belongs to.

Once more, this principle is in perfect alignment with the principle of man being God's trustee whose purpose in life is to establish corporate *khilafa* for the good and welfare of humanity at large.

3. The Proposed Diagnostic Pipeline for Organizational Effectiveness

In the above, I have explained the rationale of each of the five components of the proposed Islamic Management Framework. They constitute the essential conditions for effectiveness in organizations from the perspective of the Islamic worldview. The diagnostic pipeline assists managers and organizational development practitioners to ask the right questions at the level of each condition to measure the degree to which the organization is effective or not.

Following a pipeline metaphor, a wide pipe indicates that the organization is effective at the level of a given requirement, whereas a narrow pipe shows that there is a weakness that needs to be addressed. The key, therefore, to the proper use of the diagnostic pipeline is to detect the weak and narrow pipes and improve them. Efforts should be targeted to maintain a balance across all the five components of the pipeline by widening the constrained ones.

3.1. Purposeful leadership through unity of purpose:

- Do leaders and people in the organization know why they exist?
- What is the organization's vision?
- Is the organization's vision in alignment with the purposes of the *Shariah*?
- Is the corporate communication strategy effective enough to spread the message effectively and consistently to the organization?

The purposeful leader's role is to make these issues explicit and communicate them well to the whole organization.

3.2. Systemic Environment Insight:

- Do we carry out a SWOT analysis to find out about our strengths and weaknesses?
- Do we have a positive impact on our environment? Systemic environment insight is essential because consciousness of purpose and the reason for existence are not enough. They serve as an important frame of reference but they need to be supported by an effective reality on the ground.

3.3 Internal Culture Audit:

- Is our behaviour aligned with our values?
- Are we healthy internally?
- Do we consistently assess the impact of our behaviour on others?
- Do we carry out objective assessment, such as 360 feedback and available psychometric measurement tools, to know how others perceive us?
- Are our work relationships healthy and based on our core values?
- Are our employees satisfied?
- Do our processes encourage knowledge sharing?
- Are employees engaged in continuous learning and is the organization providing them with the appropriate opportunities?

3.4. Holistic human resources strategy:

- Does our human resources strategy take into account the five purposes of the *Shariah*?
- Is each of our leaders and employees conscious that he is *Abdullah* and *Khalifa* with a purpose to manage life for the systemic good of all humankind?
- Are we engaged in continuous improvement of our internal processes with *Itqan*?
- Is our strategy global in outlook?
- Are we charting new territories while promoting the systemic good for all?

A constrained pipe at the level of the holistic human resources strategy will limit its scope and make the purposeful leader lose sight of his mission as *Abdullah* and *Khalifah*?

3.5. Strategy Implementation:

- In implementing our strategy, are we involving everyone as part of the *shura* process?
- Are we designing organizational structures and processes that are flexible enough to capitalize on our human capital?
- Do we have feedback mechanisms in place that help us learn from past actions and improve future plans?
- Are we managing our knowledge?
- Are employees aware that sharing knowledge is a way of paying *Zakat* for it?

The strategy implementation pipe is the last step in the pipeline. It needs to be aligned with the other pipes to create tangible results for the organization and achieve a high level of effectiveness.

4. Contributions to Knowledge:

The existing literature on the implications of the Islamic worldview to management thinking and practice by Muslim writers, both in English and Arabic, is very scarce. It covers a number of dominant themes namely the impact of values on corporate culture, the impact of Tawhid and purposefulness on strategic thinking, and the impact of values, Tawhid and purposefulness on motivation.

In its general thrust, the existing literature is prescriptive. Its underlying logic is as follows: Islam prescribes the adherence to eternal values and work for a higher purpose; at some point in history, Muslims lived by these values and succeeded, therefore modern organizations should do the same. In its prescriptive approach, the literature written by Muslim Arab and non-Arab writers, list a number of leadership characteristics and good values that managers and leaders ought to live by. To illustrate their point, these writers cite stories from the life of the Prophet and his companions, and some Muslim rulers in later periods in the history of Islam.

On the other hand, the literature on Islam and management written in English by Muslim writers has attempted in some instances to put together a working model for a given aspect of management practice (Abbas Ali, 2005; Ismail Noor, 1999; Mazilan Bin Musa et al, 2003; Rafik Beekun and Jamal Badawi, 1999).

Based on the current state of art in the knowledge on the implications of Islam to management, this study has contributed to knowledge in a number of ways as follows:

- 4.1 The study has provided the English reader, especially management students and researchers, with an exposition of the existing literature on Islam and management written in Arabic. The literature is inaccessible except to Arabic speakers.
- 4.2 The study has also put forward an original "Integrated Islamic Management Framework" as well as a "Diagnostic Pipeline for Organizational Effectiveness." The Framework captures the essential fundamentals of the Islamic worldview and how they integrate to formulate a comprehensive frame of reference for Muslim managers as well as management and Human Resources practitioners. The Framework integrates the organizational leader's frame of mind, the organizational internal culture, systemic awareness of the environment, proper organizational infrastructure, a sound HR strategy, continuous improvement through feedback, and knowledge sharing.
- 4.3 To put the Framework in practice, the study incorporates a "Diagnostic Pipeline for Organizational Effectiveness." In a nutshell, the Pipeline addresses each component of the Framework and provides a set of key questions that guide managers and practitioners to make sure that each relative component is in order. The Pipeline metaphor drives home the idea that the pipes, making up the Pipeline, need to be aligned in order to achieve maximum harmony. An

organizational diagnosis can quickly reveal where urgent intervention is most needed.

- 4.4 Furthermore, the study has included empirical data that illustrate the positive impact of Islamic values and core principles on the organizational effectiveness. Current literature lacks such empirical data.
- 4.5 While current literature, written by Muslim writers, prescribes a number of leadership qualities and core values for managers and employees, this study explores the deep implications of some fundamental foundations of the Islamic worldview namely, Maqasid Al-Shariah (the purposes of the Shariah), Tawhid and purposefulness on management theory and practice. This analysis has the added advantage to ground Islamic management and research in a strong thought foundation that will add to contemporary research in management both among Muslim as well as Western writers.
- 4.6 As a consequence of the above contributions, this study has added a new dimension to the current research in comparative management research and international HR. Current HR theorizing and practice in the Middle East have been formulated predominantly within a Western frame of reference (Mellahi and Budwhar, 2006; Metcalfe, 2006). Very few attempts by Western writers exist that make reference to the Arabic and Islamic written literature. Furthermore, even fewer writers discuss Islamic fundamental concepts and their implications to management theory and practice.

5. Future Research:

The objectives of this study are to explore the implications of the Islamic worldview to management research and practice. To do that, the study investigated the impact of values on corporate culture, the impact of Tawhid and purposefulness on strategic thinking, and the impact of values, Tawhid and

purposefulness on motivation. Moreover, the study has proposed an Integrated Islamic Management Framework and a Practical Diagnostic Pipeline for Organizational Effectiveness.

Future research should further investigate the following areas:

- i. Since neither the Framework nor the Pipeline has been empirically tested, future case studies can be carried out to test their applicability in real organizational setups.
- ii. The study was carried out in two organizational contexts where the respondents are Muslim males. This constitutes a limitation to the study. Future research can be conducted to include females and non-Muslim respondents. This may reveal new dimensions and open the door for further explorations.
- iii. Management research and international HR studies would benefit more if the existing literature in Arabic is made available in English either through translation or critical analysis.

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Annex 1

Table 1.1 Summary economic developments in the region, by country group, 1996–2006

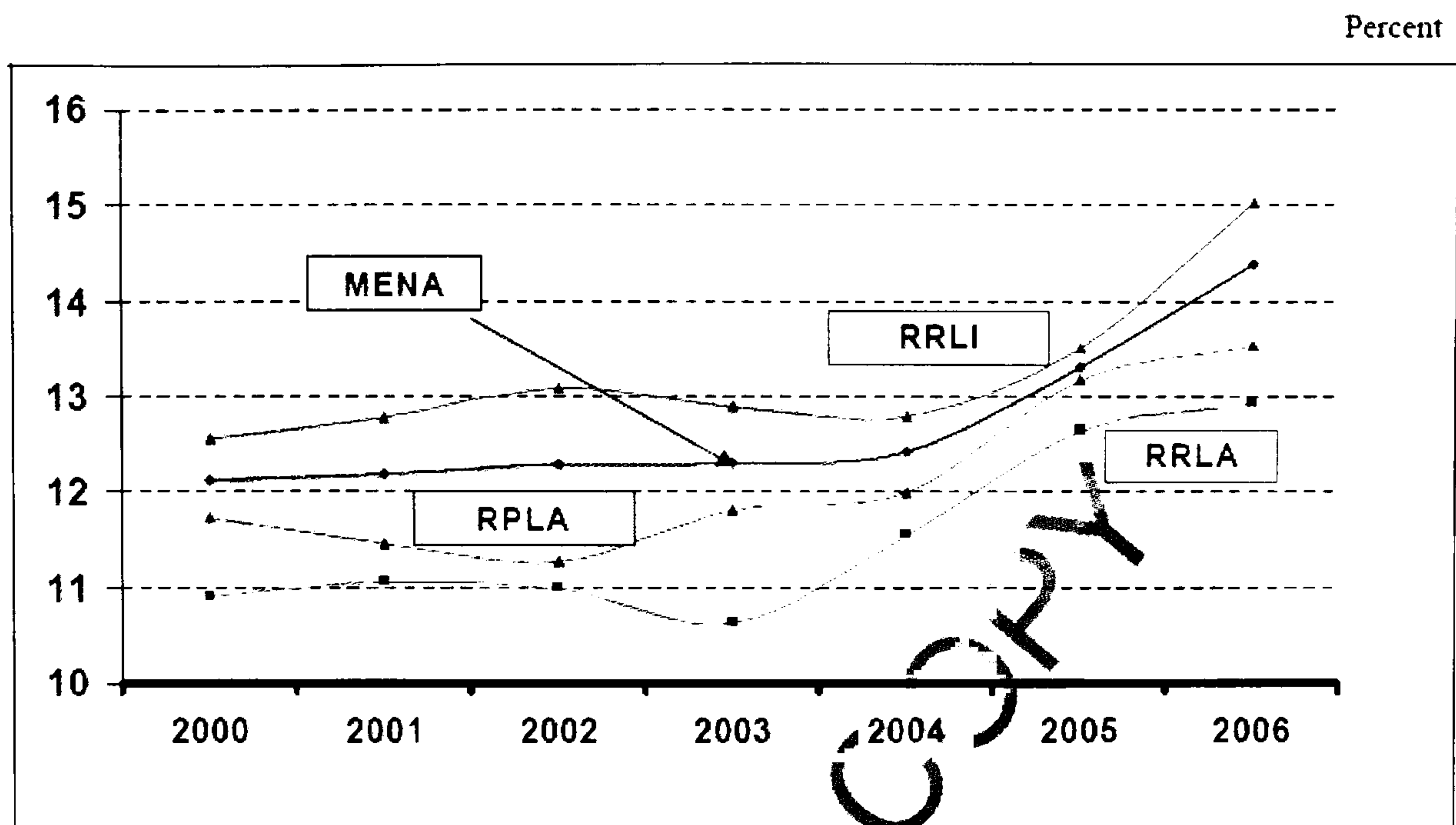
Country group	1996–99 (average)	2000–03 (average)	2004	2005	2006e
Entire region (excluding Iraq)					
real GDP growth (%)	3.6	4.6	5.9	5.9	6.3
population	2.0	2.0	1.9	1.9	2.0
per capita GDP	1.7	2.6	3.9	4.0	4.2
consumer price index (CPI) inflation (%)	4.2	2.8	4.1	5.5	5.3
industrial production (%)	–	1.5	3.8	4.1	-0.4
fiscal balance (% GDP)	-2.8	1.5	6.8	11.8	14.5
current account balance (% GDP)	-0.1	7.1	11.0	16.9	20.7
foreign direct investment (% GDP)	1.0	0.9	0.9	1.5	1.7
RPLA countries					
real GDP growth (%)	4.7	3.9	4.8	3.8	5.6
population	1.8	1.8	1.7	1.7	1.9
per capita GDP	2.7	2.0	3.1	2.1	3.6
CPI inflation (%)	3.3	2.3	4.0	7.0	5.8
industrial production (%)	–	1.3	2.8	2.2	3.4
fiscal balance (% GDP)	-3.9	-5.8	-6.0	-6.7	-6.0
current account balance (% GDP)	-4.0	-1.5	-0.6	-1.6	-1.7
FDI (% GDP)	2.4	2.2	2.1	5.4	8.0
RRLA countries					
real GDP growth (%)	3.8	5.0	4.9	4.6	4.3
population	1.9	1.8	1.7	1.7	1.8
per capita GDP	1.9	3.1	3.1	2.9	2.5
CPI inflation (%)	12.6	9.0	10.5	9.4	8.7
industrial production (%)	–	2.8	4.2	4.8	-2.3
fiscal balance (% GDP)	-0.9	1.8	2.5	4.6	3.1
current account balance (% GDP)	1.7	7.3	4.7	11.0	10.6
FDI (% GDP)	0.2	0.5	0.6	0.5	0.9
RRLI countries					
real GDP growth (%)	3.3	4.7	6.9	7.5	7.5
population	2.9	3.1	3.1	3.2	3.2
per capita GDP	0.4	1.5	3.6	4.2	4.2
CPI inflation (%)	0.5	0.0	1.1	2.9	3.4
industrial production (%)	–	0.8	4.0	4.6	-1.1
fiscal balance (% GDP)	-3.3	4.6	14.0	21.5	25.8
current account balance (% GDP)	1.1	11.0	19.0	25.9	32.0
FDI (% GDP)	0.7	0.5	0.7	0.7	0.3

Source: World Bank staff estimates.

Note: The MENA region includes the RPLA economies Djibouti, the Arab Republic of Egypt, Jordan, Lebanon, Morocco, Tunisia, and the West Bank and Gaza (WBG); the RRLA economies Algeria, the Islamic Republic of Iran, Iraq, the Syrian Arab Republic, and the Republic of Yemen; and the RRLI economies Bahrain, Kuwait, Libya, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. Due to data limitations, the WBG is not included in regional or subregional aggregates. In addition to the resource-based classifications, aggregates are presented for groups based on geography and trade. The Maghreb comprises Algeria, Libya, Morocco, and Tunisia. The Mashreq comprises Iraq, Jordan, Lebanon, the Syrian Arab Republic, and the WBG. The Gulf Cooperation Council (GCC) members are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates. And "others" consist of Djibouti, the Arab Republic of the Arab Republic of Egypt, the Islamic Republic of Iran, and the Republic of Yemen. Finally, net oil importers of the region include Djibouti, Jordan, Lebanon, Morocco, and Tunisia. All others are considered net exporters.

Annex 2

Private investment as share of GDP, 2000-06



Source: National agencies, World Bank.

Annex 3
Sources of growth for the region, by country group, 1996–2006

Country group	1996–99 (average)	2000–03 (average)	2004	2005	2006e
MENA region (excluding Iraq)					
Real GDP growth (%)	3.6	4.6	5.9	5.9	6.3
<i>Contributions to GDP growth (points) from:</i>	3.6	4.6	5.9	5.9	6.3
domestic demand	3.4	3.5	6.7	8.7	10.7
private consumption	1.5	2.2	3.8	4.3	5.0
government consumption	0.6	0.0	1.0	1.8	1.6
gross domestic investment	1.3	1.3	1.8	2.6	4.1
net exports, general number field sieve (GNFS) ^a	0.2	1.1	-0.8	-2.8	-4.4
RPLA countries					
Real GDP growth (%)	4.7	3.9	4.8	3.8	5.6
<i>Contributions to GDP growth (points) from:</i>	4.7	3.9	4.8	3.8	5.6
domestic demand	4.4	3.2	4.9	3.9	6.8
private consumption	2.1	2.6	3.3	2.2	4.9
government consumption	0.5	0.6	0.1	0.6	-0.1
gross domestic investment	1.7	0.1	1.4	1.1	2.1
net exports GNFS	0.3	0.6	-0.1	-0.1	-1.2
RRLA countries					
Real GDP growth (%)	3.8	5.0	4.9	4.6	4.3
<i>contributions to GDP growth (points) from:</i>	3.8	5.0	4.9	4.6	4.3
domestic demand	2.7	6.0	7.3	4.5	7.1
private consumption	1.3	2.9	4.8	1.4	3.0
government consumption	0.0	0.7	0.6	0.9	1.0
gross domestic investment	1.4	2.5	2.0	2.3	3.1
net exports GNFS	1.1	-1.1	-2.4	0.1	-2.7
RRLI countries					
Real GDP growth (%)	3.3	4.7	6.9	7.5	7.5
<i>contributions to GDP growth (points) from:</i>	3.3	4.7	6.9	7.5	7.5
domestic demand	3.3	3.8	7.2	12.9	14.1
private consumption	1.4	1.7	3.6	6.7	6.0
government consumption	0.9	0.9	1.7	2.9	2.6
gross domestic investment	1.0	1.2	1.9	3.4	5.5
net exports GNFS	0.0	0.9	-0.4	-5.4	-6.6

Source: World Bank staff calculations.

a. change in net exports of goods and nonfactor services as a share of GDP [-1] includes residual. Also see table 1.1 note.

e = estimate.

Annex 4

The region's labor market story, 2000–05

Growth in working-age population, labor force, employment, and output, average per year, 2000–05



Source: World Bank staff estimates based on ILO 2005, 2006a; and national sources.

Note: Countries and years included in regional aggregate: Algeria (2000, 2005), Bahrain (2000, 2004), Egypt (1998, 2006), Iran, Islamic Republic of (2000, 2005), Jordan (2001, 2005), Kuwait (2000, 2004), Morocco (2000, 2005), Qatar (2000, 2004), Saudi Arabia (2000, 2005), Tunisia (2000, 2005), United Arab Emirates (2000, 2004), and WBG (2000, 2005).

Annex 5

Quality of public administration in 2006 and quality of public administration reform 2000–06

Country/region	Quality of administration index: current status <i>(percentile rank)</i>	Quality of administration reform index <i>(percentile rank)</i>
Algeria	43	16
Bahrain	78	80
Egypt, Arab Republic of	34	91
Iran, Islamic Republic of	17	11
Jordan	71	87
Kuwait	65	64
Libya	3	13
Morocco	72	91
Oman	66	80
Qatar	54	69
Saudi Arabia	59	80
Syrian Arab Rep.	14	59
Tunisia	69	76
United Arab Emirates	61	10
Yemen, Republic of	27	23
<i>Regional Averages (unweighted)</i>		
MENA	49	57
Resource-poor	61	86
Resource-rich, labor-abundant	25	27
Resource-rich, labor-importing	55	57
East Asia and Pacific	45	45
Europe and Central Asia	50	56
Latin America and Caribbean	44	43
High Income OECD	89	47
South Asia	33	56
Sub-Saharan Africa	33	51
World	50	50

Annex 6

Progress with Structural Reform

Country	Trade Policy		Business Climate [*]		Governance: Quality of Administration		Governance: Public Sector Accountability	
	Current status ^a	Reform progress ^b	Current status ^a	Reform progress ^b	Current status ^a	Reform progress ^b	Current status ^a	Reform progress ^b
Algeria	68	63	36	37	43	16	28	68
Bahrain	..	76	..	..	78	80	27	96
Djibouti	17	47	9	..	..	..	..	..
Egypt, Arab Rep. of	60	100	2	59	34	91	23	73
Iran, Islamic Rep. of	16	67	26	2	17	11	21	6
Iraq	..	..	33	..	..	..	..	..
Jordan	44	94	59	41	71	87	34	62
Kuwait	69	54	77	16	65	64	30	63
Lebanon	50	80	40	46	..	..	..	..
Libya	..	9	..	..	3	13	0	43
Morocco	52	50	38	76	72	91	32	78
Oman	51	43	79	27	66	80	17	89
Qatar	..	..	..	..	54	69	15	75
Saudi Arabia	64	88	76	75	59	80	6	75
Syrian Arab Rep.	2	32	33	52	14	59	6	54
Tunisia	53	42	55	40	69	76	22	37
United Arab Emirates	75	..	54	20	61	10	20	84
West Bank Gaza	..	..	22	..	..	..	..	..
Yemen, Republic of	63	82	66	26	27	23	18	48
<i>Regional averages (unweighted)</i>								
MENA	49	62	44	40	49	57	20	63
Resource-poor	46	69	31	54	61	86	28	63
Resource-rich, labor-abundant	37	61	39	29	25	27	18	44
Resource-rich, labor-importing	65	54	71	34	55	57	16	73
East Asia and Pacific	53	40	64	46	45	45	41	44
Europe and Central Asia	50	64	55	59	50	56	52	56
Latin America and Caribbean	64	57	47	54	44	43	57	42
High-Income OECD	84	61	84	49	89	47	91	47
South Asia	28	41	40	24	33	56	37	31
Sub-Saharan Africa	26	22	27	51	33	51	36	52
World	50	50	50	50	50	50	50	50

Source: World Bank staff estimates

a. For each index, the country's current status reflects its 2006 placement in a worldwide ordering based on a variety of relevant indicators, expressed as a cumulative frequency distribution, with 100 reflecting the country with the "best" policies worldwide, and 0 representing the country with the "worst" policies worldwide.

b. Reform progress reflects the improvement in a country's rank between 2000 and 2006 (or between 2003 and 2006 in the case of business and regulatory reform) in a worldwide ordering of countries based on changes in a variety of relevant indicators, expressed as a cumulative frequency distribution, with 100 reflecting the country with the greatest improvement in rank worldwide, and 0 reflecting the country with the greatest deterioration in rank worldwide.

* The business climate index reported in this year's MENA Economic Developments and Prospects Report has been substantially revised (reflecting both changes in the indicators used and considerable revisions to historical data) and is not comparable with the index that appeared in last year's MENA Economic Developments and Prospects report.

.. = not available

Annex 7

Details of Respondents in Arabian Star

Organization	Arabian Star
Total number of employees	450
Year of establishment	1972
Business type	Edible oil
Number of respondents	15
Nationalities represented	7
Languages Spoken	3
Marital Status	Married
Age	Between 26 and 43
Organizational levels	management levels, middle management individual contributors
Business sectors represented By respondents	Sales, Marketing, Information technology

A brief description of each respondent is as follows:

	Age	Position	Education Level	Years in Company	Nationality	Interview Duration	Family Status
Respondent 1	34	Assistant General Manager, Materials Management Department	Bachelor's	10	Yemeni	45 mns	Married
Respondent 2	27	Special Applications Manager (I.T.)	MBA	3	Saudi	50 mns	Married
Respondent 3	29	I.T. Support	Bachelor's	2	Egyptian	50 mns	Married
Respondent 4	41	Director, Sales & Logistics	Bachelor's	19	Saudi	55 mns	Married
Respondent 5	43	General Manager, Decision Support Systems	Bachelor's	17	Syrian	60 mns	Married
Respondent 6	41	Assistant GM, Logistic & Demand	Bachelor's	12	Palestinian	55 mns	Married
Respondent 7	32	Warehouses Manager	Bachelor's	6	Saudi	50 mns	Married
Respondent 8	35	Expediting & Int'l Buying Manager	High School	12	Saudi	45 mns	Married
Respondent 9	40	General Manager, Supply Chain	Bachelor's	14	Saudi	55 mns	Married
Respondent 10	34	Marketing Specialist	Bachelor's	10	Saudi	45 mns	Married
Respondent 11	42	Sales Specialist	MBA	13	Egyptian	50 mns	Married
Respondent 12	29	Supply Chain Assistant	Bachelor's	6	Bangladeshi	65 mns	Married
Respondent 13	34	Decision Support Systems Assistant	MBA	19	Saudi	55 mns	Married
Respondent 14	26	Materials Management Assistant	MBA	7	Sudanese	50 mns	Married
Respondent 15	39	Warehouses Assistant	MBA	8	Saudi	50 mns	Married

Annex 8

Details of Respondents in The People's Organization Group

Organization	The People's Organization Group
Subsidiaries	Two: Private sector, Insurance
Total number of employees	880
Year of establishment	1975
Business type	Development banking, Private sector financing Insurance
Number of respondents	20
Nationalities represented	10
Languages spoken	8
Marital Status	Married and single
Age	Between 31 and 56
Organizational levels	management levels, middle management individual contributors
Business sectors represented by respondents	Operations, I.T., Private Sector, Insurance, Special Assistance for minorities

A brief description of each respondent is as follows:

	Age	Position	Education Level	Years in Company	Nationality	Interview Duration	Family Status
Respondent 1	50	Minorities Development Specialist	MSc.	8	Bangladeshi	55 mns	Married
Respondent 2	49	Minorities Affairs Director	Ph.D.	7	Kuwaiti	50 mns	Married
Respondent 3	35	Project Officer	MBA	3	Moroccan	55 mns	Married
Respondent 4	38	Internal Auditor	MBA	5	Turkish	60 mns	Married
Respondent 5	40	Underwriting Division Head	MSc.	8	Tunisian	55 mns	
Respondent 6	41	Human Resources Division Head	MSc.	8	Saudi	55 mns	Married
Respondent 7	34	Financial Analyst	MSc.	5	Senegalese	55 mns	Married
Respondent 8	33	Training officer	Ph.D.	3	Saudi	55 mns	Married
Respondent 9	35	I.T. Officer	Ph.D.	5	Algerian	55 mns	Married
Respondent 10	54	I.T. Specialist	MSc.	20	Pakistani	50 mns	Married
Respondent 11	56	Operations Dept. Director	MBA	14	Pakistani	55 mns	Married
Respondent 12	46	Operations Division Head	Bachelor's	9	Saudi	45 mns	Married
Respondent 13	31	Operations Officer	Ph.D.	2	Yemeni	60 mns	Single
Respondent 14	43	I.T. Director	Ph.D.	7	Saudi	55 mns	Married
Respondent 15	34	Operations Officer	ACCA	4	Sudanese	55 mns	Married
Respondent 16	33	Project Officer	MSc.	5	Tunisian	60 mns	Married
Respondent 17	40	Infrastructure Projects Division Head	Ph.D.	10	Syrian	55 mns	Married
Respondent 18	45	Internal Auditor	CIA	5	Indian	50 mns	Married
Respondent 19	43	Internal Auditor	CIA	12	Pakistani	60 mns	Married

Respondent 20	40	Operations Division Head	Ph.D.	5	Palestinian	55 mns	Married
Respondent 21	36	Community Affairs support	Bachelor	12	Bangladeshi	50 mns	Married
Respondent 22	40	Operations Officer	MA	8	Syrian	55 mns	Married
Respondent 23	28	Human Resources Expert	MA	10	Saudi	60 mns	Married
Respondent 24	38	Human Resources Specialist	MA	6	Saudi	55 mns	Married

Annex 9

The Interview Questions

What brings you together as employees of this organization?

Remember a time when you felt most connected to the organization. Please tell me about the experience?

How does the purpose of your organization affect your work and the work of the others?

Can you tell me about a time when you felt the purpose has had a real impact on the organization?

Are there documented values in your organization? How do they affect your work and the work of the others?

Can you share with me an example when you see the shared values in your organization affect work?

How well do people work together? How does willingness to work together affect your organization?

Can you share with me an example?

Is there anything else that you perceive as critical in building the organization?

Please give me an example?

How does your religious belief and practice have an effect on your work and the work of the others?

Can you tell me a story about how your religion affects your work and the work of the others?