

## ***Principles of Effective Management According to Quran and Sunnah***

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### ***Abstract:***

*The aim of this conceptual paper is throw light on Islamic principles for effective human resource management. A qualitative approach was applied. The extensive review of existing literature shows that Islamic principles of HRM gives due importance to manager-employee relationship which is beneficial for achieving organizational objectives. Some important and significant principles of Islamic human resource management are trust, sincerity, justice, consultation, equality, division of labour, delegation of authority and remuneration or payment of employees. Islamic management is based on mutual trust between managers and subordinates. Manager and worker should be sincere to organization. Selection and recruitment is based on merit. Justice is the most salient and important characteristics of Islamic management. Islam stresses on mutual consultation in order to resolve existing problem in the organization. Islamic principles of management are expected to benefit the organization, the employer and the employee. The study will contribute information and knowledge to the existing literature on Islamic human resource management. This study will highlight the scope and application of Islamic principles of HRM in developing effective management system.*

*Keywords: Islam, HRM Principles, Quran, Sunnah*

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Islam is a comprehensive religion which has described every single aspect of our lives in clear terms and covers all human activities and action. Islam not only throws light on the private life of individual but it has described explicitly the ways how individual interact with people. Islam is more than just a belief- it is a complete way of life. It goes beyond acts of worship to embrace all

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one's social and economic activities. Human beings are social creature and they interact with other individuals to fulfil their social needs. No individual can live in isolation and it needs companions to drag a successful life. Prosperity and goodness of one's life depends on the fulfilment of social and natural needs<sup>1</sup>.

One and most important pillar of social life is the management which settles the different and shared interest of different individuals in most effective way. The only difference between the world of animalism and humanity is the management of shared and different interest of individuals in proper manner<sup>2</sup>. Management is necessary and is at the top when some people gather. Islam also gives due importance to management in every walk of life. The importance of management can be seen in the sayings of Prophet Muhammad (PBUH) who stated that "Nothing is permissible for three people who are together unless they make one of themselves chief."<sup>3</sup> Islamic management means management of resources and humans on such principles based on the teachings of Quran and Sunnah for achieving long term and short term goals in effective manner<sup>4</sup>. Management through Islamic perspective is considered as an ideological management. According to teaching of Islam, management is process plan, organize, control and lead the efforts of different members of the organization in such way to achieve organizational objectives effectively. Islamic management guides managers according to Islamic principles in order to manage organization effectively. Management starts with setting organizational goals and objectives, ethics and code of conduct for the organization, vision and mission of the organization, policy of decision making, and strategies for managing and handling different issues<sup>5</sup>.

Islam has unique and comprehensive principles of management and these are universally applicable for the development and success of organization. Islam touches every minor and major issues of human life including managing and administering of organization. Quran and Sunnah are the major sources of Islamic management principles. These principles not only guide individuals but it shape their behaviors both spiritually and morally. Islamic management principles have political and socioeconomic effect on mutual relations among different individuals<sup>6</sup>. Different organization applied Islamic approach of human resource management in order to manage their employees directly or indirectly. Islamic management principles are successful to manage any modern organization. Islamic management principles are against materialistic thinking which result in corruptive tendencies among employees. Applying these principles in organization might achieve harmony and balance between interest of employee and employer<sup>7</sup>.

In Islam, an organization is considered to be a mutual contract by which two or more individuals come into agreement to contribute to common goal. That is why Islam gives due importance to personal responsibility of the individuals in organization. Islam also stresses on mutual cooperation among members of the organization. Islamic management means conducting different activities and administering various tasks according to the guidance of Allah

Almighty with an accountable mentality, integrity and skills to achieve a predetermined objectives<sup>8</sup>. Islamic approaches to human management has three distinct aspects. These major aspects are (a): Taqwa which means piety and fear from Allah. A pious person does right deeds and fear from Allah while disposing his job. (b): Itqan which means that he person does things in the right order and of the desired quality. (c) Akhlaq which means good and noble attitudes and feelings which individual poses<sup>9</sup>.

### **Islamic Principles of Effective Management:**

Islam is not only a religion and system of beliefs but it is comprehensive way of life and it covers every minor and major issues of human life. Islam has golden and effective principles of management and these principles are introduced by Prophet Muhammad (PBUH) when he laid down the foundation of Islamic society. Holy Quran is the major source of Islamic management principles<sup>10</sup>. Islam clearly and explicitly describes the importance and significance of fairness, honesty and justice in the relationship of employee and employer. Islam also encourage individuals to learn life living skills and it stresses on the struggle for good work in order to serve society. Islam is against unethical practices in business such as deceit, fraud, and gambling. Such practices are not permissible and are condemned by teachings of Quran and Sunnah. Islam stresses on effective management of human resources. Following are some salient features and principles of effective management according to Quran and Sunnah<sup>11</sup>.

### **Trust:**

Islam gives due importance to individual responsibility and accountability. All human beings are accountable before Allah for their actions. Allah says in Quran:

*“O you that believe; betray not the trust of Allah and the Messenger, nor misappropriate knowingly things entrusted to you”.* (Al-Quran, 8: 27)

Trust is the salient feature of effective management. Trust builds and develop mutual relationship between employer and employee. Islam also gives due importance to trust in dealings and business operations. It is obligation of the manager to have trust on employees<sup>12</sup>. Allah Almighty says in the Holy Quran *“Oh my dear father; engage him on wages: truly the best man for you to employ is the man who is strong and trusty”* (Al-Quran: Chapter 28: Verse 26).

In human resource management, trust results in consultation between employee and employer. It leads to delegation of authority by employer to his employees. Trust plays significant role in any system based on human resource management principles and it is instrumental in developing mutual relationship. Manager delegates some authority to employee because he/she need to have trust on employee and the employee has trust in manager. This mutual trust result in effective management and the organization is successful in achieving organizational objectives. Employee and employer come into mutual contract having trust in each other. This contract shows trust of each party on one

another. Islam stresses both parties (employee and employer) to fulfil obligation in the contract<sup>5</sup>. Prophet Muhammad (PBUH) stated that

*“Allah says that, on the Day of Judgement, I will act as plaintiff against the person who engages some worker on work. The person takes full work from the worker but does not pay him due amount of the work”* (Sahih Bukhari).

Trust is considered as the salient feature of building developing social relationship in the organization. In human resource management, giving full wage to employees or workers is a good practice and it has sound effect on the performance of the organization and also of the commitment of employees. In Islamic management, manager works as trustee and it is obligatory for him to respect the trust which subordinates bestowed on him. In human resource management any misuse of resources and mismanagement is considered as a violation of trust<sup>13</sup>.

#### **Sincerity:**

Sincerity means to show humbleness and keep promises. Sincerity is instrumental in building and developing a culture of confidence, truthfulness, trust, and cooperation in the organization. When manager and subordinates are sincere to their job and duty, the organization shows more productivity. Role of sincerity cannot be minimized in conducting business and undertaking transactions. An employee has relationship with different people at work place. But his relationship with manager is most important and crucial for his personal development. If employee has strong relationship with manager, it results in better environment for work place. Sincerity is an important principles of effective Islamic management. Islam stresses that manager should perform his duty with sincerity. It is his moral obligation to keep promises<sup>14</sup>.

Allah says in the holy Quran: *“O you who believe; fulfil obligations”* (Al-Quran: Chapter 5, Verse: 1).

#### **Justice:**

Justice is an important principle of Islamic management system. Justice plays most important role in effective management and administration. Injustice creates disharmony in organization. Justice means to treat everyone fairly according to his position. Justice is the characteristic that everyone should develop irrespective of his level of employment, his status in the organization and gender. Islam also gives due importance to justice in management dealings with other people. In organization where manager treats his subordinates with justice, employees show more commitment to manager and to organization<sup>7</sup>. In the holy Quran Allah Almighty says:

*“O you who believe stand firmly for Allah as witnesses to fair dealing and let not the hatred of others to you swerve to wrong and depart from justice.....”* (Al-Quran: Chapter ;5 Verse: 8).

Justice is a virtue and is obligatory for everyone whether he/she is manager or subordinate, to develop it. Justice create harmony in organization and it increases job satisfaction and commitment of the employees. In Islam, all

human beings are equal regardless of sex, race, religion, wealth, knowledge, and status. Only good actions and good deeds are counted for exalted position<sup>15</sup>. Prophet Mohammad said that

*“there is no preference of Arab over non-Arab or no-Arab over Arab or black one over white one or white one over black one, except those who is more pious”.*

In Islamic management, there is no room for personal interest and other consideration to affect justice. The important role of justice cannot be ignored in protecting individual freedom and equality. In Islam there is no compulsion to adhere to particular religion. Islam gives full freedom to non-Muslims to worship their religion. Islam gives full freedom to everyone in their beliefs<sup>16</sup>. Allah says in the Quran that: *“there is no compulsion in religion”* (al-Quran, Chapter 2, Verse 256).

Justice result in equality in the organization and it also develop a sense of oneness among employees. The manager should have a sense of humility in order to maintain equality and justice in the organization. When employees are treated and rewarded equally and impartially in organization, it result in better performance of the organization. In such organization manager treats their subordinates with respect and courtesy. Where justice prevails in organization, manager never ignores suggestions and opinions of the subordinates. In such organization, laws and policies are effectively implemented are employees strictly followed procedures of the organization<sup>13</sup>.

### **Equality:**

Equality means to treat people equally at the same level. Equality is an important and significant principle of effective Islamic management. Effective management does not give fruitful result if there prevail inequality in organization. Islam stresses on the equal and impartial treatment of employees. Islam does not permit managers to treat employees arbitrarily. Islam practices of discrimination among employees. Allah says that:

*“o mankind; We created you from a pair of male and female, and made you into nations and tribes, in order that you may each other. Verily the most honored of you in the sight of Allah is (he who is) the most pious. And Allah has full Knowledge and is well acquainted (with all things) (Al-Quran; Chapter: 49 Verse: 13).*

### **Consultation:**

Consultation is an extremely important concept and principle of human resource management. Islam also give due importance to consultation in management. Consultation is the process by which manager and employees of the organization aims to understand the needs, wants and expectation of the organization in better way<sup>3</sup>. Consultation is an active process through which manager opens formal and informal channels of communication. Effective management depends on the strong decision making power of the manager. Decision making has important role management and it affects other people also. Islam gives due importance to the process of consultation in management. That

is why Islam stresses to take consultation before taking any important decision<sup>5</sup>. Allah says in the Quran that

*“those who listen to their Lord, and establish regular prayer: who (conduct) their affairs by mutual consultation.....(Al-Quran: Chapter 42: Verse: 38).*

Consultation is an important feature of human resource management because consultation process brings fairness and justice in organization. In organization, different problem may arise between managers and employees and these problems can be resolved through mutual consultation.

Manager is the leader of the organization. According to teaching of Islam, the leader should seek suggestions from followers through consultation. Islam is against autocratic style of management. According to teaching of Islam, all matters of life whether these are social, economic or political should be decided through mutual consultation<sup>5</sup>. Principle of Shura or consultation is an important concept of Islamic management and it guides managers of the organization to deal with employees with justice. It is the duty of every individual to keep promises. In Islamic administration, a manager is required to seek suggestions and advice from subordinates before taking any important decision. The key characteristics of a manager according to teaching of Islam is that he/she consult with subordinates and take important decision<sup>12</sup>.

#### **Delegation of Authority:**

Delegation of authority means to entrust someone else to perform part of your job. A manager in organization cannot perform all tasks alone. Manager delegate authority to his subordinates who has competencies and knowledge. Delegation of authority involves some important steps which are assignment of duties to someone else, granting of authority, and creating responsibility and accountability. It is one of the essential tools for effective management of any organization. Delegation of authority strengthens the internal control system of the organization, it clarifies responsibility for decision making. Islam also gives due importance to delegation of authority. Holy Prophet Muhammad (PBUH) started administrative organization by appointing rulers and officers in states and cities. Delegation of authority is effective Islamic principle of management and administration. The importance of delegation of authority is well-enshrined in the statements of renowned Muslims scholars<sup>7</sup>.

*“appointment of an individual by the Imam, to whom the administration of matter is completely entrusted, allowing him to make decision according to his own judgement” (Al-Marwadi).*

*“Delegation of authority is rational and necessary because no individual is capable of performing all matters alone” (Ibn Khaldun).*

#### **Specialization and Division of Labour:**

Division of labor is also an important principle and feature of human resource management in Islam. Knowledge, justice and brotherhood are some attributes which are important features for division of labour. In any

organization, job allocation depends on the skills and knowledge of the employees which they possess for the task entrusted to them. It is essential for effective management that employees should work hard to achieve the entrusted task and making organization a successful<sup>17</sup>. An important task in division of labour is that manager or employer should take into consideration the knowledge, skills and aptitude of the individual while allocating the task. If task is allocated to such person which is layman in the task which was allocated to him, it may result in complete failure. This may exalt position of the employees who have pertinent knowledge and skills for a particular task. Division of labour allow employee to render effective services in the organization<sup>18</sup>. Division of labour should not be affected by personal connection and friendship. If manager allocates task to employee due to personal relation or personal acquaintance, it may disturb smooth process of administration.

Islam also emphasizes on the crucial role of teamwork in the organization. Division of labour does not stop employees from showing and exercising the spirit of teamwork while performing task in the organization. The concept of teamwork also plays critical role in developing qualities of kindness, humbleness and modesty in those employees who practice it. Division of labour ultimately asses the management of the organization<sup>19</sup>.

#### **Recruitment of the Employee:**

Every organization needs able person to achieve its stipulated goals. Recruitment is the process through which an organization hire individuals having valid qualification and experience. Recruitment is not an easy job for any organization. Islam has also given immense importance to the process of recruiting and hiring individuals for a task. Islam is rich in best practices of human resource management. Manager can use these practices at any level for effective management<sup>20</sup>. Allah says in the Quran that

*“Allah does command you to render back your trust to those to whom they are due: and when you judge between man and man”*  
(Al-Quran: Chapter: 4: Verse: 58).

It is indicated in the above verse of holy Quran recruitment in Islamic management is based on merit. Such persons should be recruited who have the desired qualification and experience. Islamic recruitment system based on equality and justice. It gives equal opportunity to all individuals to compete for a post who has desired qualification. It is also obligatory for individuals to provide accurate information<sup>21</sup>. Allah says that

*“And cover not the truth with falsehood, nor hide the truth when you know”* (Al-Quran: Chapter: 2: Verse: 42).

Islam is not only a religion and system of belief but it is a comprehensive way of life that covers social, moral, economic, political, and ethical aspects of human life. Islam is not only concerned with the worldly matters of individual life but it also guides individual for life after death. In Islam, selection of employee or worker is based on the principles of honesty, justice, and competency.

**Conclusion:**

Islam give due importance to work and it is obligatory for all individuals who are mentally and physically capable. Work result in attaining equilibrium in personal and social life and it is indispensable for fulfilling human needs. This articles tries to explore issues of human resource management from an Islamic perspectives. Principles of Islamic human resource management are based on the teaching of Quran and Sunnah. Islamic management principles are vital and beneficial for the development organization and for whole society. It result in high productivity of the organization and enhance job satisfaction of the employees and increase their commitment level. If these principles which are discussed earlier, are implemented in organization at any level, it will create healthy environment for mutual respect and trust. It may also result in better consultation activities, sharing of knowledge, and creativity and innovation. Human resource management practices which based on Islamic principles, ensure realization of organizational objectives in most effective way.

Islamic management principles and approaches are based on non-material objectives. Islam consider employment as a trust, both on employee and employer. There is clear demarcation between employer and employees. Islam is a system of governing the behaviors and lives of individuals. Islamic principles of human resource management has socio-economic effect on live of the individuals. It is the need of time to implement Islamic principles of human resource management in organization in order to achieve maximum productivity of the organization.

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