A HOLISTIC MODEL OF EMPLOYEE’S UNDERSTANDING IN THE MANAGEMENT OF ISLAMIC ORGANIZATIONS

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Abstract. As a country with a majority of Muslim population and recognizes Islam as the official religion, Malaysia is indeed has a large number of Islamic-based organizations offering shariah-compliant products and services. However, such organizations have been receiving criticism from the client and the public on the aspect of management executed by employee. They claimed that the execution of duties among the employee in the Islamic organization does not reflect the nature of the organization itself. The rapid development of such an organization requires a solid understanding among the employee in charge of the task entrusted. However, previous studies have found that the understanding of employee in carrying out their duties in the Islamic organization is quite unsatisfactory. Therefore, this study takes the initiative to study the understanding of the employee in the implementation of Islamic management in Islamic organization. The study was conducted using the qualitative method. The sample of this study consisted of 11 executives in three Islamic organizations. Among the organizations are Islamic Banking, Takaful and Islamic Property Management Company. The location of the study involved selected organizations in three states of the East Coast of Peninsular Malaysia namely Kelantan, Terengganu and Pahang. The study is expected to produce a holistic model of employee understanding in the management of an Islamic organization. The model involves several phases that aim to ensure that employee understanding covers all aspects such as goals, implementation and impact.

Key words: employee understanding, Islamic management, Islamic organisation, Malaysia.

Introduction. As a country made up of majority Muslim citizens, the Malaysian government has embarked on the Islamisation process with its ultimate goal of instilling Islamic values at all levels, including individuals and institutions. Among the government's efforts to uphold Islam is through the establishment of Islamic banking and finance, the Policy on Inculcation of Islamic Values in Administration 1985 (Dusur Penerapan Nilai-nilai Islam Dalam Pentadbiran) and Islamic Work Ethics 1987 [1-3]. The Government has also launched the Quality Management System (MS1900: 2005), halal food preparation management system through Halal Certificate standards, shariah-compliant hotel management, the Syariah Index of Malaysia and the Syariah-based Governance Guidelines (GPTUS) [3-4]. In addition, the efforts to develop Islamic management disciplines were initiated by the National Institute of Public Administration (INTAN) by publishing books on management and administration in an Islamic perspective. Moreover, the effort was also undertaken by the Management Academy of Malaysian Islamic Economic Development Foundation (YaPEIM).

Islamic management is a management that uses the Islamic approach. It sees organizational management from the perspective of knowledge derived from Islamic sources such as the Quran and al-Sunnah which leads to the implementation of management that is in line with the beliefs and practices of Islam. For professionals who believe in God, they realize that in pursuit of organizational goals, religion cannot be practiced separately [5]. Therefore, Islamic management is a balanced management approach.

Islamic management has been defined by many. YaPEIM [6] describes Islamic management as a management based on values or value-based management. More specifically, Islamic management is based on tauhid which acknowledge the oneness of Allah as the God and ruler of the world and its inhabitants. According to [7], the philosophy of Islamic management is often equaled to conventional management methods, but in fact, it is different from the practical point of view and its implementation. This is emphasized by [8], which states that in the management of Islam based on the concept of Tiahid, the culture of perfection (Ityaan) and the value of Goodness is uphold in every implementation of the task. In short it can be understood that the main objective applied in Islamic management is about achieving Mardhatillah based on the Quran and al-Sunnah.

Likewise, there are various definitions of organization's management. In [9] expresses a general description of organizational management as a means of planning and co-ordination that aims to solve problems faced by an organization. According to him, the problems faced by an organization need to be managed based on the methods and goals they want to achieve. Instead, in [7] defines the management of an organization in a more profound way by associating limited resources with the structures of planning, organizing, leadership and monitoring on the task performed by employees.

However, in the context of management of Islamic-based organization, the western management practices are less appropriate to be implemented. According to [10], an Islamic organization should practice management based on Islamic values that reflect the organization itself. In this case, in [11] also suggested that the Islamic organization be dealt with by blending the comprehensive values of Islamic leadership such as the values of trust, fairness, ensjoinig
good and forbidding evil and cultivating the concept of *syura* (consultation) in every decision taken. However, this is somewhat rare in the practice that goes on in today's Islamic organizations.

Effective organizational management is the most important asset in determining the survival of a business entity or a public service entity today. As a country with a majority of Muslim population and recognizes Islam as the official religion, Malaysia is indeed has a large number of Islamic-based organizations offering shariah-compliant products and services. However, such organizations have been receiving criticism from the client and the public on the aspect of management executed by employee.

In [12] found that many organizations claimed that the organizational management practiced in their everyday operations is Islamic. The business practices and the implementation of task are all based on the Islamic concept. This is significant with the demographic background of the owner or major shareholder of a business entity which are among Muslim individuals. However, the study of [13] disclosed otherwise. Their observation showed that not many of the organizations owned by Muslim individuals practiced Islamic management. Even if it is practiced, the implementation is not inclusive enough in which only certain aspects are seen to be practiced consistently. The situation causes skeptical perception among the employees. They are not confident and think that it is not practical to practice Islamic management in today's challenging world. The study also reveals that the understanding and awareness of the society towards Islamic management in an organization in general is still unsatisfactory.

Similarly finding was found in the study conducted by [14]. Their finding suggested that there are various disputes among the society about the nature of the Islamic organization itself which tends to claim to practice Islamic management within its organization, but that does not actually occur consistently in practice. Furthermore, they claimed that organizations such as Islamic banking, Takaful and Islamic property management institutions are often criticized by people who are dissatisfied with the performance of duties by employee. The research also found that society tends to have poor perceptions towards the employee as they claimed that the employee did not understand the scope of the task being implemented based on the proper shariah-compliant aspects.

Based on the abovementioned problems, this study intended to acquire a clearer picture by investigating the Islamic management in Islamic organizations. Specifically, the study aims to:

1. To identify the understanding of employee in Islamic organizations on the concept of Islamic management.
2. To explore the implementation of Islamic management in Islamic organizations.
3. To propose a holistic model of employee understanding in the management of Islamic organization.

**Literature review.** This section will present the findings of past studies related to the concept and implementation of Islamic management. Additionally, the focus of the study on the concept of understanding will also be detailed.

Islamic management concept. Shariah-based organizational management emphasizes three important elements which are the *Tawhidi* concept (faith in God), the culture of *Ijtan* (perfection) and the values of *Ihsan* (doing goodness) [8]. According to [15], these concepts make Islamic management systems more comprehensive than other management systems. In addition, in [15] work also expressed the importance of the *Insaniyyah* value, *Syura* system and the culture of *Istiqamah* (consistency) in the management of an Islamic organization. Shari'a-based management practices can bring success to an organization not only in the form of worldly satisfaction but also the success of afterlife in the form of the pleasure of Allah SWT (*Mardatillah*).

Meanwhile, a study conducted by [16] has demonstrated the implications of shariah-based personality and professionalism on employee ethics, quality of work, achievement of organizational goals, and organizational excellence. Awareness on the concept of work as a trust and confidence in the Almighty God can inculcate the cautious and responsible attitude of an employee. Apart from possessing knowledge, skills and expertise, a Muslim professional must also consider the personality that is in harmony with the teachings of Islam. Emphasis on the concept of Tawhid can produce employees who not only pursue the achievement of organizational goals, but also pursue to achieve the goal of human creation. Thus, an employee not only works solely for the worldly rewards, but also for afterlife rewards by striving to contribute to the development of the ummah.

In [17] defines organization as a form of group activity by dividing into certain sectors aimed at achieving a goal collectively. According to [18], the success of an organization's management is closely related to the attitude of the leader and worker, as well as the organizational structure of the organization. The combination of these three factors is very important in achieving an organization's goals. In relation to that, in [17] viewed that organizational management must play a key role in aligning all these factors in ensuring that the desired goals can be achieved.

In line with the above findings, the study of [7] also cited that quality work management and human capital development are emphasized in Islamic management in which both of these two aspects are interconnected to each other. For an organization based on Islamic management, the worker or also referred to as human capital is a major factor in the success of the organization in the world as well as in the afterlife. The quality of an employee can determine the excellence of an organization. Among the key features of quality employees are knowledge of organizational direction and objectives. Hence, if an employee in an organization has excellent quality, surely he will strive to achieve organizational goals and thus make the organization an excellent organization. A quality human capital development will ultimately enhance the culture of excellence among employees. In [10] describes the culture of
excellence as a pure and quality mutual work practice with the help of clear and easy-to-implement systems, processes, procedures, and regulations. Excellent work culture should not only be implemented at the subordinate level, but also must be practiced at the upper and middle level. In [19] has further studied about the excellent work culture by linking motivational factors as a driving force for excellent work culture. The element of motivation makes a person feel the need and is happy to perform a task excellently. In this case, a conducive working environment was found to have a strong influence on employee motivation. In addition, the research also showed that employee motivation is also influenced by the role of the manager. This finding is further supported by [17] which mentioned that Islam is very concerned about the aspect of leadership. Any action taken by a leader will always be an example to his subordinates. If the leader practices an excellent work culture, surely the workers will also do the same.

In the review of employee quality in Bank Islam Malaysia Berhad (BIMB), in [20] found that the quality of employees is closely related to the Islamic self-quality of the employees. Abd Rahman et al. refer Islamic self-quality as the Islamic values which inherent in the daily practice of an individual. If an employee has a strong Islamic self-quality, then the service he provides should also be of good quality. The findings from previous studies have shown that many factors are involved in the implementation of excellent work culture which in line with the Shari'a.

Meanwhile, the quality of employees according to [7] is also influenced by several aspects such as learning, skills and experience of the employee. Similarly, the findings of [8] showed that organizational learning can influence employees’ efficiency. Similar findings were obtained by [22] who noticed that product knowledge among Islamic banking employees increased after being given training. Hence, in [21] have debated the role of the organization to ensure that employees have the proper knowledge in carrying out tasks so that the goals of the organization can be achieved. Mansor & Luqman further cited that information sharing in an organization allows employees to understand together collectively. In addition, [15] also see the need for employees empowerment by expanding training to employees. Therefore, it is clear that employees’ understanding is an important element in an organization.

The concept of understanding. The importance of understanding in the context of task implementation is recognized by western and Islam scholars. In [23] defines understanding as a response to a situation of understanding in the form of behavior. Another definition of understanding was given by [24] as the process of gaining meaning through oral, written, or action using certain symbols. Likewise, understanding as according to [25] is a search method of an unknown thing in order to get the meaning of that matter.

The concept of understanding is an important aspect of education. Among the approaches in education which use the concept of understanding is Bloom's Taxonomy. Bloom's taxonomy began to be used in education to encourage higher order thinking since 1956 [26]. To date, they are widely referred to in making learning and education planning. The learning and education process according to Bloom's Taxonomy consists of 5 categories namely cognitive (knowledge), affective (attitude) and psychomotor (skills). Cognitive or knowledge categories are divided into six levels, including knowledge, understanding, application, analysis, evaluation and synthesis. Starting with the process of recalling information in the first level of knowledge, the next level is the understanding of the process of understanding the meaning and interpreting the information using its own words. After that, the level of the application occurs when the information that has been interpreted is used in another situation. The findings from these applications will be analyzed before being evaluated. The final level in the learning process in Bloom's Taxonomy is synthesis which involves the integration of several elements in order to provide a new meaning.

Several studies have been conducted regarding the implementation of understanding concept among the employees in certain organizations. One of it is [27] who examined the understanding of Tabung Haji employees on the implementation of Tabung Haji Value and Work Ethics (NEKTH). The findings show that the implementation of the code of ethics involves three stages, namely long-term and short-term implementation stages, as well as continuous implementation stage. Long-term implementation stage is implemented through the NEKTH Project by publishing NEKTH manuals and the Customer Service Standard manual as the primary reference. Short term implementation stage known as the NEKTH Program is conducted in the form of reinforcement programs such as Induction Course to new employees. Meanwhile for continuous implementation stage, activities such as briefing and morning tazkirah (talk) and prayer are consistently held. As a result of the implementation steps that have been taken, employees’ understanding of the code of ethics is found to be satisfactory.

Another study of the implementation of Islamic ethics by [28] at JCorp shows the implementation steps comprised of introduction, implementation, assessment, preservation and monitoring, as well as continuous improvement. Initially, employee will go through introductory level of work ethics through seminars, trainings and discussions, as well as guidelines and code of conduct. For the second implementation step which is the implementation, employee need to complete 30 hours of trainings and courses. The next step of the assessment will be to assess the employee's compliance with the work ethic as well as the improvements that can be implemented. Employee compliance will also be monitored through preservation and monitoring measures. Lastly, continuous improvement step is implemented to ensure that measures taken would yield the desired results.

The importance of employee understanding in performing tasks has been highlighted in previous studies. However, there is no consistency in past findings on employee understanding especially in Islamic organizations.
Hence, this study is very relevant to further explore this problem and consequently develop a comprehensive understanding of the employee to solve the problem.

Methodology. This qualitative study involves organizational samples that are divided into three segments based on the organization’s background i.e. Islamic banking, takaful and Islamic property governance. The study was conducted in three states on the East Coast of Peninsular Malaysia namely Kelantan, Terengganu and Pahang. Main informants of the study consist of 11 employees which hold executive positions in all three organizations. Face-to-face interviews with semi-structured questions have been conducted at the organizations. The study also consulted 3 triangulation informants in order to reinforce the findings obtained from the main informants. The selected triangulation informants have the expertise and experience in the field of study in this research.

Results and discussion. This section describes the findings obtained through interviews with all the main informants and has been analyzed alongside the views shared by the triangulation informants. The results of analysis have been detailed according to the appropriate themes. The themes highlighted in this study are knowledge and understanding, application, analysis and assessment, and synthesis. These themes are finally combined to form a model of understanding of employee in an Islamic organization.

Knowledge and understanding. In answering the question regarding the understanding of the concept of Islamic management among the employee holding executive positions in the institutions involved, almost all the informants are able to give a brief statement of what is understood with the terms of Islamic management. Most of them provide explanations that address the concept of adherence to the teachings of Islam that are based on the Quran and Hadith and the application of Islamic values and ethics in carrying out their duties. In addition, Islamic management is also linked to success in the world and hereafter.

The findings are matched with the findings of the triangulation informants. Triangulation findings have touched on the application of values that ought to be practiced in an Islamic organization. Among the values stated are siddiq (true), trust (trustworthy), tabligh (delivering), and fathanah (wise). According to triangulation informants, all these values need to be embraced by all employees in carrying out their responsibilities in an Islamic organization. This finding is in line with the description of YaPEIM [6-7] stating the values derived from the Quran and al-Sunnah as the basis for the concept of Islamic management.

Among other things obtained from the triangulation informants is the importance of understanding among the employee. Every employee in an Islamic organization needs to have a basic understanding of Islam. In some organizations, the employee’s religious knowledge has been tested since the interview stage. To ensure employee have a religious understanding and Islamic values relevant to the scope of their duties, the organization regularly organizes courses and training for its employee. An important role played by the organization in providing facilities to enhance employee knowledge was previously stated by [21, 15]. In addition, employee understanding is also associated with the educational background of the employee. Employees with a religious education background are more susceptible to Islamic management concepts. The influence of educational factors on the application of Islamic values in the implementation of tasks by employee has been discussed earlier in the study of [20].

After analyzing the findings from the main and triangulation informants, employee understanding of management in Islamic organizations is found to be unsatisfactory. Although most of them have an understanding of the general concept of Islamic management, they could not relate the concept in their respective organizations. Their understanding of Islamic management goals and the concept of work and Islamic organizational culture is not poor. The lack of understanding can be problematic to the efforts of organizational management to boost organizational productivity to a satisfactory level.

Application. Implementation of Islamic management in the selected organizations as according to the findings shared by all informants demonstrates diverse implementation. The most significant implementation is the ethical aspect of employee attitude. The attitude of the employee should be decent and cover the aurah as prescribed in Islam. Almost every informant also cited the implementation of prayer recitations and morning tazkirah in their organization involving all levels of organizational members. According to [10], the collective involvement of all organizational members regardless of position can affect the employees’ work culture towards excellence.

In addition, employees are always encouraged to do good deeds such as worshipping, being sincere and honest in carrying out their duties. One of the key aspects of Islamic management is the quality of human capital [7]. Quality employee can be attained through application of Islamic work ethics. The findings also show that religious aspects such as congregational prayer (salah al-jama’ah) and recitation of Quran (tadarus al-Quran) during the month of Ramadan are highly emphasized. A conducive workplace could increase the employee motivation to achieve an excellent work culture [19].

Although various efforts have been made to uphold the concept of Islamic management in the organization, however, the review of the information with the findings of the triangulation informants found no clear ecosystem of understanding to provide guidance on the culture Islamic management among employee. The process of understanding highlighted in the task implementation does not occur consistently. It is undeniable that most of the employee of an Islamic organization has a good understanding of Islamic law, but in terms of the implementation of Islamic values among fellow human beings and the environment is not in equilibrium. In fact, the application of the concept of
Hablulminallah (the relationship between Man and Allah) and Habluminannas (relationship between Man and Man) in carrying out task was not well-emphasized.

Analysis and evaluation. In general, almost all main informants give similar feedback in which they feel that there is not much problem or challenge in implementing the concept of Islamic management in their respective organizations. However, they also pointed out the importance of having a diplomatic leader and cooperation of the employee to ensure the implementation can be succeeded. Likewise, triangulation informants claimed that the main challenge of Islamic management is the compliance of the employee to the standard Operating Procedures (SOPs) that have been provided. Problems can be avoided if all employees consistently follow the SOP and play their respective roles at best. In addition, other important aspect to deal with the challenge of implementing Islamic management is the roles of leaders as suggested by [17]. Both leaders and employees should shoulder the responsibility to ensure Islamic management practices are attainable.

While employees show an understanding of the concept and implementation of good Islamic management, the understanding of the impact of such practices is however not given much attention. Most of the informants neglected the impact of correct understanding in the implementation of tasks. Therefore, organizational management with systematic element of understanding should be established so that the value of al-falah in Islamic management can be practiced as best as possible to achieve Mardhatillah.

Synthesis. Based on the findings of the study, a model of employee understanding in management of Islamic organization is established (Fig. 1). This study has shown that Work Culture and Organizational Culture have a significant influence on the achievement of an organization. Excellent organization achievement can be achieved if the employee's understanding of the task is good. Therefore, Phase 1 of the Model comprises both cultural aspects that should be given more emphasis by the organizational management. The sustainability of the Model is attainable if these two aspects are understood by employee.

Furthermore, Phase 2 of the Model of Understanding consists of seven key elements in establishing a conducive employee understanding ecosystem in an Islamic organization. In the early stages, management of the organization needs to establish knowledge and understanding among the employee regarding their tasks and roles. Establishment of this understanding is further formed into an added value for employee in performing tasks such as the formation of self-identity, politeness and Islamic personality in the employee itself. The creation of value-added is followed by the application of moral values such as ihsan (courtesy), amanah (trust), tabligh (convey) and fathanah (diligent). In addition, continuous improvement should also be made so that incompatible elements to the concept of Islamic management can be eliminated.

The ecosystem of understanding also requires the process of consolidation from time to time such as revisions to work procedures that are currently applied in the organization so as to produce more promising performance. At the same time, the process of cultivation is indispensable to nourish Islamic values in the implementation of duties and will further promote compliance among employee towards the concept of Islamic management. The process of understanding ecosystem can produce employees who are better in understanding and appreciating their responsibilities and roles towards Allah SWT and the organization. Indirectly they can also nourish the concept of Habluminallah and Habluminannas in the management of Islamic organizations.

Phase 3 of this study illustrates the importance of organizational change that can benefit the organization itself and those directly related to it such as shareholders, customers and the society. Finally, Phase 4 of this model of understanding explains the impact of a good employee understanding in producing employees who aim for al-falah and Mardhatillah.
Fig. 1. Model of Employee’s Understanding in the Management of Islamic Organization

**Conclusion.** The objective of this study is to investigate the Islamic management in Islamic organizations. Specifically, the study aims to explore the understanding of employee on and implementation of Islamic management in Islamic organization namely Islamic banking, Takaful and Islam property management company. Consequently, a holistic model of employee’s understanding in management of Islamic organizations is proposed. This study demonstrates that the empowerment of knowledge among employee is very important as they are the keystone of an
organization. This is of paramount importance in order to offset the negative views of certain parties which claimed that the employees are not well-informed with their job scope in Islamic organizations. Generally, employee understanding is good but not comprehensive. Therefore, a holistic model of understanding is created to address this problem. This model involves several phases that aim to ensure that employee understanding covers all aspects such as goals, implementation and impact. In conclusion, the correct understanding of the concept of Islamic management among Islamic organizational employee is very important in achieving organizational goals and thus obtaining the pleasure of Allah SWT.

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