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Welfare and protection model for organizational management: The Islamic perspective

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During the last decade, some incidents shook the corporate world, thereby causing organizations to struggle for their survival and individuals to secure their interests. These events led to the hard debates on organizational commitment towards stakeholders. In response to the growing needs in this sphere, this article aims to provide new dimension to the organizational responsibilities. Although the concept of welfare in organizational theories is not new, this study intertwines the concept of protection with welfare; thus making it more powerful to ensure more satisfaction for all stakeholders of organization. This paper provides an elaborate model of organizational success in global environment, utilizing religious perspective for the welfare and protection model. The chief reason for this approach is that all religions are supposed to preach good and beneficial things. This paper concludes that balanced approach for the welfare and protection of all stakeholders of organization can provide better financial gains and good reputation for long-term business performance.

Key words: Organizational success, protection, stakeholders, welfare.

INTRODUCTION

Mergers, acquisitions, rightsizing, foreclosures, bailout packages, stimulus vouchers are among so many others measures taken around the world to reduce the impact of global economic recession. Core of all these initiatives is to ensure protection for shareholders and consolidate their profits. Consumers are pursued to spend the last penny in their pocket for the benefit of big corporations. Who will be the survivor and who is the sufferer? We have to look deep into the roots of economic crisis. We have to face the reality that in spite of all intellectual and material developments, the global community could not develop a paradigm which can bring prosperity for all human beings across the board. Is there any thing wrong in our approach towards the makeup of our economic mindset? Is it viable to believe that wealth is a major goal of life (Bank, 1988)? Is it suitable to claim that in business transaction everyone acts only out of their own self interest (Hoffman, 2004)? Or is it still appropriate to believe Adam Smith’s thesis that individual should pursue his own self interest?

We have to come out of the clutches of contemporary approaches of running economies around the globe. For instance let's analyze AIG bailout repercussions in the midst of recent economic crisis. Significant part of the bailout was distributed as bonuses among executives. Who should have been the real beneficiaries - those at the top with really good financial position or those at the bottom? Can arguments in favor of the ‘distribution of bonuses’ satisfy the concerns of common man? Presumably, business organizations carry the responsibility for all those affected by their activities, thus they have to consider the interest of all stakeholders, besides shareholders. This has been translated into Triple P bottom line concept; means profit, people and planet (Elkington, 1997). There are numerous new theories and ideas to bridge the gap between desired business environment and the prevailing one.
DEFINITION OF WELFARE

Welfare means ensuring that people are aware of their rights and that they receive their maximum entitlements. Welfare is a deliberate and organized effort of an organization for the well-being of its members. Health, happiness, comfort, prosperity, growth and general wellbeing come under this umbrella.

DEFINITION OF PROTECTION

Protection is the act of protecting or the state of being protected. Protection is to keep safe from injury, harm or destruction. Protection means to keep from being damaged, attacked, stolen or injured. Defense from danger or loss is also called protection.

NEW THEORIES

During the last decade, several new theories became the centre of attention: socially responsible business conduct, ethical screening, renewed interest in corporate governance and Islamic perspectives. Corporate governance tends to focus on accountability of corporate management to shareholders and the ability of a country’s legal system to protect minority shareholder rights (Solomon and Solomon, 2004), while ethical screening focuses on environmental issues, human rights, pornography, gambling, tobacco, alcohol, genetic engineering, abortion and armaments. Besides agreeing to ethical screening, socially responsible business conduct considers conservation of energy and natural resources, pollution control to improve the environment, good relations with stakeholders, better employee welfare, equal opportunity adherence, respect for the sanctity and dignity of human life and openness.

RELIGION

Despite the bang of secularism and liberalism, there is a revival of religious perspective in almost every field of life and business is no exception. Hard debates against abortion in the West and revival of Church in communist Moscow have their evident motivation from religion. A significant amount of literature can be found exploring relationship between religion and running business operations. Workplace spirituality is an important factor to enhance business performance (Garg and Rastogi, 2006) and to avoid moral stress, dissociated personality or loss of personal integrity (Graaffland, Kaptein and Schouten, 2006). Several empirical studies have been conducted to investigate the link between religion and ethical behavior in business (Aggle and Van Buren, 1999). Islamic perspectives on management studies are an emerging subject in academia and are quite significant field of enquiry for modern management practitioners (Kazmi, 2003).

CONCEPTS AND SOURCES

Due to the pervasiveness of Islam and its influence on every sphere of life, it is not easy to separate social and professional life (Tayeb, 1997). Concepts relating to the welfare and protection of all stakeholders of organization presented in this article emerge from Islamic teachings through following sources.

Al-Qur'ān

Al-Qur'ān is the central religious text of Islam. In Islamic teachings, al-Qur’ān is the book of Divine guidance and direction for mankind. According to Islamic faith, al-Qur’ān is the last revelation to Muhammad (PBUH) by Allah (God) through the angel Gabriel.

Hadith

Hadith is an oral tradition relating to the words and deeds of Prophet Muhammad (PBUH). Ahādith (plural) are regarded as important source of teaching in Islam.

ISLAMIC MANAGEMENT PERSPECTIVE

Islamic civilization created continental super-state, within its dominion lived hundreds of millions of people, of different creeds and ethnic origins. Islam created an enlightened leadership that nurtured culture, sustainability, diversity and courage that led to 800 years of invention and prosperity. The reach of their commerce extended from Latin America to China, and everywhere in between. In today’s ethical crisis we must affirm our commitment to build organizations that aspire to Islamic perspective of management (Fiorina, 2001). Islamic values are a set of beliefs and morals, a social doctrine, and a call to righteousness among all members of organization (Asad, 2007); they constitute a complete, self-contained ideology which regards all aspects of our existence - moral and physical, spiritual and intellectual, personal and communal - as parts of the indivisible whole which we call “Human life.” Islamic values are compatible with man’s need for prosperity and happiness in all affairs of life (Alhabshi and Ghazali, 1994). Islam not only deliberates the relation between Creator and Human being, but also discusses the relation between man and man and also man and the entire universe (Modudi, 2003).

Islamic management perspective combines welfare and protection for all stakeholders of organization as depicted
in Figure 1. Islamic perspective starts from service to the fellow beings. In Islamic value system, leader/manager is viewed more as a servant to the organization and its members (Jabnoun, 1994). Prophet Muhammad (PBUH) said that the leader of the people is their servant. Such leaders show extraordinary commitment to their organization for the welfare and protection of all stakeholders of organization. Servant leaders lead with logical feelings related to the follower, which cultivate understanding, gratitude, kindness, forgiveness and compassion (Gunn, 2002). Servant leaders serve; they are what they do (Farling, Stone and Winston, 1999). Servant leaders believe in first to serve, then to lead (Crippen, 2005).

**Welfare of employees**

Mandatory, adequate and appropriate welfare of employees covers both human rights and general wellbeing (Employee welfare, 2009). IVS emphasizes welfare of employees as it has been narrated on the authority of Abu Malik that Ubaidullah b. Ziyad visited Ma'qil b. Yaser in the latter's illness. Ma'qil said to him: “I am narrating to you a tradition. If I were not at death's door, I would not narrate it to you. I heard the Messenger of Allah (may peace be upon him) say: ‘A ruler who, having obtained control over the affairs of the Muslims does not strive for their betterment and does not serve them sincerely, shall not enter Paradise with them (“A ruler”, 2007).

Islamic value system ensures betterment and wellbeing of people. If those who are responsible of running the organization do not work for the betterment of those who work for them or who are under their influence, they are accountable not only to their fellow-beings but also to the Divine Authority in this life and in the life hereafter. This is

**DIMENSION OF WELFARE**

There are five dimensions of welfare in Islamic value system (IVS): welfare of shareholders, employees, customers, environment and society.
a tremendous binding in IVS to work hard for the welfare of the employees.

It has been reported on the authority of Abd al-Rahman B. Shumasa who said: “I came to A’isha (raa) to inquire something from her. She said: ‘From which people are thou?’ I said: ‘I am from the people of Egypt’. She said: ‘What was the behavior of your governor towards you in this war of yours?’ I said: ‘we did not experience anything bad from him. If the camel of a man from us died, he would bestow on him a camel. If any one of us lost his slave, he would give him a slave. If anybody was in need of the basic necessities of life, he would provide them with provisions.’ She said: ‘Behold! The treatment that was meted out to my brother, Muhammad b. Abu Bakr, does not prevent me from telling you what I heard from the Messenger of Allah (May peace be upon him)’. He said in this house of mine: ‘O God, who (happens to) acquire some kind of control over the affairs of my people and is hard upon them - be Thou hard upon him, and who (happens to) acquire some kind of control over the affairs of my people and is kind to them - be Thou kind to him’ (“Behavior”, 2007).

IVS exerts immense pressure on organizations for the welfare of employees. Organizational management cannot think that it is beyond any accountability. If there is none in this world, there is The One who will ask them in the Hereafter. This ensures that organizational management keeps ‘welfare of employees’ among its top priorities. This approach will obviously keep every member of organization satisfied and they will work to achieve organizational objectives with devotion and commitment, not only to increase shareholders’ value through increased market share, but also for image building of organization in the society by practicing standard ethics and values.

Welfare of business

“O ye who believe! Eat not up your property among yourselves in vanities: but let there be amongst you traffic and trade by mutual good-will: nor kill (or destroy) yourselves: for verily Allah hath been to you Most Merciful!” (al - Qur’an 4:29).

Modudi (2005a) holds that all those means which are unjust and unfair from both religious and moral point of view are illicit (p. 345-6). Traffic (it may include customers and suppliers both) and trade means profit earning, which is allowed as in case of business where one person works to fulfill the needs of others and gets remuneration. He further ascertains that purpose of saying ‘nor kill (or destroy) yourself’ is that usurping property of others through unfair means is in fact to destroy yourself because this results in spoiling the civilization, which ultimately effects the person himself.

Deeming illegal ways and means to spoil the whole system of corporate organization, Islamic value system inculcates hard work, sincerity and devotion to establish business for profit earning through just and equitable means. Islamic value system strengthens the integrity of organization by promoting and establishing just and honest culture.

Welfare of customer

Sales and profitability depend on keeping customers happy (Customer care, 2009).

“Give measure and weight with (full) justice.” (al - Qur’an 6:152).

Daryabadi (1998b) explains that this verse means being away from fraud and deceiving (p. 123), so that no one could deprive others of their rights. In this terse Gospel, there are all dimensions of trading ethics. Beside excellence in personal ethics, purity in trading ethics is necessary in IVS.

“So establish weight with justice and fall not short in the balance.” (al - Qur’an 55:9)

Modudi (2005b) explains that nature of this Universe doesn’t accept injustice, brutality and savagery (p. 251). It is not allowed to be unjust with others in any case; even if someone arrogates a little right of purchaser during weighing, he disrupts the balance of Universe.

Welfare of society

Welfare of society is an obligation beyond statutory requirements where organizations voluntarily take steps for prosperous society. Welfare of society has many dimensions in Islam. Society is made up of human beings and Islam ensures welfare of every segment of society. There are different modes of contribution for the welfare of society, some are obligatory and some are voluntary. Islam prioritizes the welfare of different segments of society, as explained in following verses.

“Alms are for the poor and the needy, and those employed to administer the (funds); for those whose hearts have been (recently) reconciled (to the truth); for those in bondage and in debt; in the cause of Allah; and for the wayfarer: (thus is it) ordained by Allah, and Allah is full of knowledge and wisdom.” (al - Qur’an 9:60).

“They ask thee what they should spend (in charity). Say: Whatever ye spend that is good is for parents and kindred and orphans and those in want and for wayfarers. And whatever ye do that is good, Allah knoweth it well.” (al - Qur’an 2:215)

Welfare of environment

About protection of the environment, Islamic teachings
are quite explicit. Cleanliness is one of the important requirements in Islamic value system. Therefore IVS ensures that every member of organization adopts and practices cleanliness and purity.

“For Allah loves those who turn to Him constantly and He loves those who keep themselves pure and clean.” (al- Qur‘ān 2:222)

Daryabadi (1998a) explains that here cleanliness means purity from both physical and spiritual dirt (p. 419). “Cleanliness is half the Faith” - a saying of Prophet Muhammad (PBUH) - further endorses the importance of cleanliness, The prophet (PBUH) said, “If the last hour strikes and finds you carrying a nursling tree to the grove for planting, go ahead and plant it”.

DIMENSIONS OF PROTECTION

There are four aspects of protection in IVS: faith, integrity, life and property (FILP) of all stakeholders of organization (Figure 1). Concept of protection of FILP transforms contemporary notions of welfare from mere rules to practicable values.

Protection of faith

Islam gives liberty to every one to practice his faith, thus ensuring protection of every one’s faith working in one organization.

“Let there be no compulsion in religion: Truth stands out clear from Error: whoever rejects Evil and believes in Allah hath grasped the most trustworthy hand-hold that never breaks. And Allah heareth and knoweth all things.” (al- Qur‘ān 2:256).

Explaining the meaning of this Verse, Modudi (2005a) claims that no one can be forced to follow Islam’s ideological, ethical and practical system of life (p. 196).

“Allah is the protector of those who have faith: from the depths of darkness he will lead them forth into light. Of those who reject faith the patrons are the Evil Ones: from light they will lead them forth into the depths of darkness. They will be companions of the fire, to dwell therein (forever).” (al- Qur‘ān 2:257)

There is no compulsion in Islamic value system for any one to follow Islamic ideology. There is an open offer for every one; protection and motivation for those who follow Islamic ideology. Islamic value system creates such a working environment in the organization where there is comfort for those who follow Islam and there is no compulsion for those who want to follow their own religion. Working together does not mean ignoring our differences, but learning more about and respecting the faith of each other (Pratt, 2008). On one hand, this leads to an ideal working environment for cross cultural work force; on the other, it totally eradicates ethnic harassment. IVS provides protection to all employees irrespective of their individual patterns of faith.

Protection of integrity

Islamic value system gives new dimensions to management by ensuring protection of integrity of all organizational members.

“O ye who believe! Let not some men among you laugh at others: it may be that the (latter) are better than the (former): nor let some women laugh at others: it may be that the (latter) are better than the (former): nor defame nor be sarcastic to each other, nor call each other by (offensive) nicknames.” (al- Qur‘ān 49:11)

“...nor speak ill of each other behind their backs.” (al- Qur‘ān 49:12)

Speaking ill at the back of others is the same as invading their respect. Sayings of Prophet (PBUH) also strongly prohibit us from doing so. Islam attributes significant emphasis to protection of respect and integrity of all fellow beings. Modudi (2005b) declares that Islam deems all Muslims as a universal family (p. 83).

“The Believers are but a single Brotherhood: so make peace and reconciliation between your two (contending) brothers...” (al - Qur‘ān, 49:10)

Islamic value system starts with unity, as it is mentioned in Verse 49:10 that all Muslims are knitted with the relationship of brotherhood. This notion itself promotes the protection of integrity among all Muslims, as every brother is the guardian of integrity of other brother, in the same way all Muslims are the guardians of one another’s integrity.

Islam addresses even minute aspects of interaction among people in their daily life. Islamic value system doesn’t allow any one to laugh at others, to defame others, to be sarcastic and to call others by offensive nicknames as these are the means to invade integrity of others.

“Do unto others as you would have others do unto you.”

IVS gives prime importance to individual respect and integrity, therefore speaking ill behind others is strongly prohibited. If some one is doing so, others have to stop him if they don’t, they are equally guilty.

Protection of life

Islamic teachings explicitly support protection of life;

“And remember, we took your Covenant (to this effect): shed no blood amongst you.” (al- Qur‘ān 2:84).
“On that account: We ordained for the Children of Israel that if anyone slew a person -unless it be for murder or for spreading mischief in the land- it would be as if he slew the whole people: and if any one saved a life, it would be as if he saved the life of the whole people.” (al - Qur’an 5:32)

“Nor take life -which Allah has made sacred- except for just cause.” (al - Qur’an 17:33)

According to Modudi (2005a), the existence of human life in the world depends on the fact that every individual respects the right of life of other individuals, and helps others in protecting the life (p. 464). A person, who unjustly takes the life of others, is not brutal to only one person, but he proves that he doesn’t respect human life and he has no sympathy for human beings. Contrarily, if a person helps protect the life, he is promoting humanity, because he has such quality as is vital for the existence of humanity. According to Human Events (2008), all life deserves to be protected and we should aspire to build a society in which each one of us is welcomed in life.

Protection of human life is such an important concern in IVS as every member of organization in general, and leadership/management in particular, is responsible to contribute for the safety of human lives. This is the responsibility of organizational management to provide safe working environment to employees to avoid any damage to human life.

Protection of property

IVS gives particular attention to protect the property of every member of the organization and prohibits every one from illegal possession of others’ property.

“And do not eat up your property among yourselves for vanities, nor use it as bait for the judges, with intent that ye may eat up wrongfully and knowingly a little of (other) people’s property.” (al - Qur’an 2:188)

Modudi (2005a) explicates that one interpretation of this Verse is that one should not take advantage by offering bribes to rulers (p. 148). Another meaning is that if one knows that the property belongs to other person, only because he doesn’t have proof of his ownership; one should not take the case to court with the intention that one could eat/usurp his property.

“To orphans restore their property (when they reach their age), nor substitute (your) worthless things for (their) good ones; and devour not their substance (by mixing it up) with your own. For this is indeed a great sin.” (al - Qur’an 4:2)

Protection of everyone’s property is an important element in IVS. No one is allowed to use influence or money to occupy the property of other fellow beings. Divine laws of all ages assert same emphasis on protection of property of others. It is mentioned in Biblical privacy theme: “…you shall not take someone else’s property” (Private property, 2009).

To ensure protection of FILP (Faith, integrity, life and property) is the most important responsibility of organization. IVS leads the organization where not only welfare of all stakeholders of organization including shareholders, employees, customers, environment and society at large is the key responsibility but also the protection of faith, integrity, life and property of all of them is equally essential. Therefore, IVS paves the way for prosperous future for business, people and the planet.

Conclusion

In Islamic value system welfare and protection of all stakeholders including shareholders, employees, customers, environment and society at large is the core responsibility of organization. Therefore corporate leaders/managers should be held accountable for financial and non financial losses e.g. ethical breaches and other threats to organizational reputation. Every member should have the right to question anything s/he thinks is not good for the welfare and protection of all stakeholders of an organization.

Although ‘Welfare’ is the most frequently used cliché in the corporate management jargon, if one peruses in the existing management theories, one learns that ‘business’ happens to lie at the axis of the ‘so-called’ welfare. As for the employees’ welfare, despite so much hue and cry, nothing much is being done except provision of the bare minimum rights. It might sound bitter to the contemporary management gurus, but the fact remains that focal point of today's corporate sector is the welfare of shareholders; the welfare of employees and other stakeholders is only a peripheral concern. Extending the concept of ‘welfare’ to new dimensions, this study stretches the bounds of the delimited notion of ‘welfare’ and brings the welfare of customer (end - users), society and environment into its circumference. The following two pie-charts (Figures 2 and 3), based on the conclusion of the study, have been employed to graphically illustrate the difference between the contemporary and the IVS notions of Welfare.

IVS provides a balanced and comprehensive basis for welfare as it synchronizes the crucial components that are readily ignored in the modern approaches. But that’s not all. This research embeds the concept of ‘protection’ with ‘welfare’. It is an intriguing proposition made by the researcher because combining ‘welfare’ with ‘protection’ results in transforming the contemporary practices from mere rules to practicable values. As proposed in this study, IVS offers not only the welfare, but also the protection of the business, employees, customers,
environment and society at large. Thus, compared with the contemporary management theories, welfare and protection model of Islamic value system surely stands at a higher pedestal.

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