Toward an Indigenous Model of Organizational Management: Insights from an Islamic Perspective

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Abstract

Contemporary management practices in many Islamic countries are predominantly derived from Western paradigms. However, the cultural and epistemological misalignment between these imported models and the religious-cultural foundations of Muslim societies has often hindered the realization of their full developmental potential, despite access to substantial human and material resources. This paper argues for the urgent need to develop an indigenous management framework rooted in Islamic values and teachings. Drawing upon both conceptual analyses and existing literature, the study identifies the foundational elements of Islamic management and examines its practical implications. The findings aim to contribute not only to the enhancement of governance structures in Muslim societies but also to a more nuanced global understanding of alternative, value-based management paradigms.

Keywords: Islamic Management · Organizational Theory · Indigenous Models · Islamic Teachings · Cross-Cultural Management

Introduction

Management has long been one of the most intricate and consequential undertakings of human civilization. Across history, effective management in its various forms has played a pivotal role in the sustainability and advancement of societies, institutions, and states. The modes of leadership and management are deeply influenced by the prevailing value systems embedded within a given culture. It is widely acknowledged that the structural and moral composition of any society naturally necessitates a management philosophy that resonates with its indigenous worldview.

In Islamic thought, in contrast to many relativistic schools of modern philosophy, values are seen as absolute and immutable, unaffected by the contingencies of time and place. This is because, in Islam, the source of value is not human reason or social convention but divine revelation—the will of an All-Wise and All-Knowing Creator. As such, the Islamic framework defines the legitimacy and morality of managerial actions in accordance with the Qur'an and the Sunnah.

Consequently, management in Islam is not a merely technical or instrumental practice; it is a deeply ethical and spiritual undertaking that encompasses both worldly effectiveness and accountability in the Hereafter. However, one of the persistent challenges in Muslim-majority societies—particularly in Iran—is the overreliance on Western management theories that often lack cultural and philosophical congruence with Islamic principles. Despite the presence of capable scholars and academic institutions in the region, little has been done to develop indigenous management models that are genuinely rooted in Islamic epistemology and cultural realities. Most locally produced resources are, at best, adaptations or superficial reinterpretations of Western models. There remains an urgent need for a systematic comparison that critically contrasts classical and modern Western management with Islamic-Iranian paradigms, highlighting their ontological and normative distinctions.

1. Definition of Islamic Management

The Islamic approach to management in an Islamic society is intertwined with Islamic ethics, behavior, and values, and these values influence Islamic management. An Islamic society requires a form of management that is connected to human, religious, and ethical values while upholding Islamic ideals.

A management system is Islamic when it possesses the following characteristics:

- Selecting managers based on meritocracy as prescribed by Islam (scientific, ethical, physical superiority, etc.) and abandoning current flawed practices.

- Using encouragement and discipline in the sense of *tabshir* (glad tidings) and *indhar* (warning), considering both spiritual and material, worldly and otherworldly dimensions, while prioritizing *tabshir* and emphasizing the spiritual and hereafter aspects, i.e. fostering hope in God's mercy and grace in the afterlife.

- Aligning all objectives with divine goals, recognizing God's omniscience, optimally applying the principle of *enjoining good and forbidding evil*, and fostering self-monitoring among employees.

- Maintaining a positive attitude toward employees and subordinates, striving for their education and advancement (in material, spiritual, and moral dimensions), and preventing their exploitation or reduction to mere organizational cogs, as proposed in Taylor's theory.

2. History of Islamic Management

A study of the history of social life reveals traces of management, albeit in simple and rudimentary forms. The necessity of social life compelled humans to establish principles to better organize their lives, enabling more effective utilization of natural and human resources. However, this historical precedent of management fundamentally differs from what is known as "scientific management." The theory of scientific management is not among the earliest management theories, as prior perspectives on managerial issues had already existed. Nevertheless, this theory introduced a new approach, replacing personal experience and arbitrary preferences with logical and empirical methods to solve managerial and organizational problems, marking a new chapter in this field. During this period, management gained an independent status, and general principles began governing organizational administration.

Based on the above historical account of management, the history of Islamic management can be outlined in a comparative manner:

- Early Theories of Islamic Management (Pre-Scientific Management Movement)

- Later Theories of Islamic Management (Post-Scientific Management Movement)

3. Early Theories of Islamic Management (Pre-Scientific Management Movement)

Following the advent of Islam in the Arabian Peninsula and the establishment of an Islamic state in Medina by the Prophet (PBUH), the foundation of Islamic political and managerial theories was laid. These principles were articulated in both theory and practice by the Prophet (PBUH) to the greatest extent possible, given the circumstances of the time. With the expansion of the Islamic state during the era of the Rightly Guided (Rashidin) Caliphs, larger organizations and administrative structures emerged, inevitably influencing management methods. When Imam Ali (AS) assumed leadership, he presented a theoretical and practical model of divine governance and management based on justice— a model that continues to shine as a beacon for the world. His invaluable teachings were compiled nearly four centuries later by Sayyid Razi (RA) in the esteemed Nahj al-Balagha. After the Holy Quran, this monumental work stands as the second most significant source for theorizing Islamic management.

Subsequently, Islamic civilization flourished. The intellectual contributions from this era are so profound that any discussion on the history of organizational and management theories remains incomplete without acknowledging Islamic scholars in this field.

4. Later Theories of Islamic Management (Post-Scientific Management Movement)

If we set aside earlier works on leadership, governance, and Islamic management and instead focus on Islamic management as a subject emerging after the development of Western management studies and its introduction into Islamic countries, including Iran, the earliest notable works appear to date back to the 1970s (1350s SH). During this period, in response to the growing demand among young Muslim students for Islamic perspectives on management, several researchers_ most prominently the esteemed martyr Ayatollah Morteza Motahhari (RA)_ sought to address this need. They endeavored to demonstrate whether Islam had its own discourse and theories in the field of management, providing a partial yet foundational response to these inquiries.

5. Differences Between Islamic Management and Non-Islamic (Western) Management

Western definitions of management and leadership predominantly center on achieving objectives through the effective coordination of people and resources. Within this framework, emphasis is placed on the manager's or

leader's ability to mobilize and optimize human potential, applying various techniques and tools to maximize organizational performance. The core focus is instrumental: success is measured by the extent to which predefined goals are met through strategic planning, motivation, and control.

In contrast, Islamic management theory introduces a fundamentally different orientation—one that is not solely outcome-driven but deeply concerned with the ethical, spiritual, and ontological dimensions of human action. While achieving objectives is indeed valued, Islam places equal, if not greater, emphasis on *how* those objectives are pursued. The process, character, and intention behind management actions are seen as inseparable from their moral and metaphysical consequences. Leadership, in this context, is not merely a functional role but a moral responsibility entrusted by God, to be executed within the parameters of divine guidance (Sharia) and ethical conduct derived from the Qur'an and the Sunnah.

From this vantage point, the manager is accountable not only to stakeholders and organizational metrics but also to a higher spiritual standard. Organizational members are not treated merely as resources but as *trusts* (amanah) whose development—both professional and spiritual—is a central concern. The ultimate aim transcends material success, aspiring instead toward the holistic growth of individuals and their proximity to God.

Interestingly, contemporary Western management literature is increasingly converging—perhaps inadvertently—toward several principles long embedded in Islamic thought. Emerging research in leadership studies now emphasizes the importance of authenticity, humility, servant leadership, justice, and ethical commitment as key drivers of sustainable organizational success. These traits—rooted in the Prophetic tradition and the teachings of the Imams—have historically shaped Islamic conceptions of leadership. As such, the growing Western recognition of these values may be seen not as innovation, but as a delayed acknowledgment of timeless truths already integrated within Islamic frameworks of management and leadership.

Feature	Western Management	Islamic Management
Relationships	Based on ethical Behavior	Rooted in moral philosophy
Value Basis	Grounded in political/economic considerations	Founded on divine connection (God-centered)
Human Role	Humans as means to organizational goals	Organization as a means for human growth/perfection
View Towards Human	Instrumental	Divine trust (stewardship)
Human Worth	Economic productivity	Divine vicegerency (khilafah) and piety
Freedom	Choice driven by desires	Liberation from base desires (ethical self-mastery)
Ultimate Satisfaction	Managerial approval	Divine approval (pleasing Allah)

The foundations of management according to Islamic teachings are:

1. Planning
2. Organizing
3. Motivation
4. Leadership
5. Monitoring and Follow-up
6. Decision-making

- Planning

a) Involves contemplating both the broad and detailed aspects of a plan.
b) Entails setting organizational goals and objectives, developing action plans, and determining how these goals will be achieved.

Planning is among the most critical pillars of management, and no manager should pursue organizational objectives without a structured plan.

"The longevity of nations depends on planning and strategizing in affairs." Imam Ali (AS)

- Organizing

Organizing requires that resources(i.e. people, capital, and equipment) are allocated in the most effective way to achieve objectives. It involves both integrating and dividing resources.

Steps in Organizing

- **Identifying and Categorizing Tasks:** In organizing an office, institution, or government, various bases such as purpose, function, production type, operations, and stakeholders must be considered. Tasks should be divided according to the organization's goals, plans, and activities. *"Assign each of your subordinates a specific task and hold them accountable for it, for this is more appropriate than leaving duties overlapping among them."* Imam Ali (AS)

- **Delegating Authority and Responsibility:** After categorizing tasks, a responsible person must be appointed for each division, with clearly defined authority. *"O' Malik! appoint a competent leader for every task, one who is not overwhelmed by major responsibilities nor exhausted by excessive workloads."* Imam Ali (AS)

- **Establishing Internal and External Organizational Relationships:** Properly structured communication resolves many operational challenges.

- Motivation

Motivation refers to the process of inspiring others to take action. It involves mobilizing and directing human effort toward task completion.

Definition of Motive: An internal drive that compels a person to act.

Managers who effectively instill motivation in their teams create the necessary dynamism and productivity within the organization.

- Leadership

Guidance and leadership are fundamental to management. A leader's primary role is to skillfully utilize human resources to overcome challenges, implement plans, and facilitate goal achievement.

- Monitoring and Follow-up

After planning and issuing operational directives, monitoring, one of a manager's most critical duties, comes into play.

Definition of Control: The process of evaluating outcomes, comparing executed activities against plans, and implementing corrective measures where deviations occur.

One of the fundamental and central issues in monitoring is supervision, evaluation and follow-up regarding the evaluations made and making necessary corrections. Monitoring is mostly used in the implementation process and after seeing strengths and weaknesses.

There are three types of monitoring:

- Overt monitoring or supervision: The manager directly intervenes and supervises affairs.

- Internal monitoring or control: This is self-control. It is a state in the individual that encourages him to perform his duties without any external factor controlling him.

- Hidden monitoring: That is, unidentified people monitor the performance of agents and report to the manager.

In evaluation and monitoring, we do not need to examine every detail of the work; Rather, important and key points must be correctly identified and evaluated.

- Decision-making

One of the most important issues in all activities and stages is decision-making. In our life and organization, we make decisions regarding planning, selecting goals and designing programs, accepting programs and communicating them for implementation, organizing, leadership and monitoring. One of the most important factors in a manager's failure or success is his decision-making. Decision-making means choosing an appropriate solution from among different solutions.

"The measure of men's intellect is their thinking."

6. Obstacles Facing Islamic Management in Society

The distinguishing features of Islamic management compared to other management approaches are: its basis in divine revelation, the absence of human exploitation systems, its foundation in absolute and constant sublime values, and its grounding in human dignity and honor. Since Islamic management represents a novel management approach in society, like any new phenomenon, it faces obstacles to its widespread adoption. Among these obstacles are:

1. **Dominance and influence of Western approaches in society:** The intellectual capitulation of scholars and students to Western management approaches is so profound that it prevents the growth of Islamic management. Given that management theories were systematically developed through the efforts of Taylor and his successors in Western societies, and have continued to expand with each new effort, thinkers in developing countries appear to be under the sway of this influence.

2. **Lack of familiarity among managers and the public with the capabilities of Islamic management:** Alongside the fascination of many management experts in Iranian society with Western management schools, Islamic management remains largely unfamiliar and alien in Iranian Islamic society. This has led to the theories of Western management gaining deeper and more extensive dominance.

3. **Failure to distinguish between management techniques and human approaches in management:** Western management consists of techniques that are largely applicable in Islamic management as well. Some management aspects, primarily concerning techniques and methods, may be common to both Islamic and Western approaches. This point has been overlooked by proponents of Islamic management.

4. **Limited theoretical foundations for Islamic management at the organizational level:** Regarding management in Islamic society, due to the particular importance of leadership (and management) and the nature of relationships between leaders/managers and followers/other members of society, there are insufficient resources (in the Quran, narrations, hadiths, etc.) from which to derive guidelines for managerial and leadership behavior at the organizational level, or for Islamic management at various organizational levels.

5. **Ambiguity in the meaning and concept of Islamic management:** Another obstacle is the existing ambiguity in its meaning and concept, leading to the interpretation that Islamic management is merely accompanied by ethical recommendations - and organizations or countries cannot be run through recommendations alone.

6. **Lack of strategic perspective on implementing Islamic management at the organizational level:** Another obstacle is the absence of a strategic view toward Islamic management at organizational levels, which relates to limited resources and differing perceptions of Islamic management.

7. **Neglect of diverse research on Islamic management:** Among the most important activities that can promote various sciences is conducting diverse and repeated research, subjecting them to testing and critique, implementing them in practice, and addressing their shortcomings. This has been done for many Western sciences that require experimentation, leading to their advancement and

flourishing. However, in the field of organizational-level Islamic management, research has rarely been conducted - perhaps primarily due to weak theoretical foundations (at organizational levels) and researchers' lack of confidence in pioneering work.

7. Conclusion

Based on the findings of this study, we conclude the following: First, planning and management in Islamic doctrine hold significant importance, with substantial recommendations and guidelines provided in this regard. Second, the orientation of planning and management in terms of macro-level objectives differs fundamentally from Western management approaches. In Islamic organizations, planning and management are designed to align with the divine mission of human elevation and perfection. While Islamic doctrine also emphasizes productivity for ensuring social welfare and security, liberal and Western organizations lack this comprehensive orientation, focusing solely on productivity for economic gains and financial benefits. Third, the criteria for effective planning and management in Islam include:

- Reliance on the Quran
- Observance of piety (*taqwa*) in planning and management
- Trust in God (*tawakkul*)
- Seeking divine pleasure (*rida-Allah*)
- Avoiding superficiality and haste
- Deep reflection and precision in planning
- Long-term vision and foresight
- Situational awareness
- Moving beyond tangible/material considerations
- Future-oriented thinking and forecasting

In contrast, Western planning and management lack many of these criteria.

8. Source

Mirzaei, Hamidreza. *"Management in Organizations with an Islamic Approach."* [Article]

Ethical Foundations of Islamic Management: A Comparative Analysis with Western Paradigms

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Abstract

Ethical considerations play a pivotal role in shaping managerial behavior and organizational decision-making. This paper explores the ethical underpinnings of Islamic management and compares them with those found in mainstream Western management theories. While Western approaches often prioritize individual autonomy, utilitarian efficiency, and market rationality, Islamic management is rooted in divine guidance and emphasizes justice, collectivism, social accountability, and moral integrity. The analysis highlights both the complementarities and the divergences between these paradigms, arguing that integrating the normative depth of Islamic ethics with the procedural strengths of Western models can lead to more balanced and ethically sustainable management practices.

Keywords: Islamic Management, Business Ethics, Western Management, Ethical Decision-Making, Value-Based Leadership