

21ST CENTURY MALAYSIA ISLAMIC VALUES IN MANAGEMENT AND THE CHALLENGES AHEAD

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ABSTRACT

This article is written to identify the challenges facing by Malaysia through the Islamic administration system practiced today. As enlightened by a minister in the Prime Minister Department, Datuk Seri Dr Rais Yatim by saying, "*Malaysia has gone a long way to become an Islamic country*" (The Star, October 8, 2001) and added, "*it had implemented various Islamic elements, such as the Syariah Law, infrastructure and administration*".

Profoundly, despite the Islamic system used, Malaysia without exception is also facing the drastic economic change, taking place worldly. Malaysia as a model of an Islamic country acknowledges the paradigm change seriously. Her success today is known through out the world but this has actually brought threats to some western countries. Foreseeing the emergence of Islamic countries, several western authors wrote provocatively on Islamic threats. Written by an author from the TIME magazine (15, June, 1992) entitled, **The Sword of Islam** quoting, "*with the death of the Soviet empire some Western policy makers are concerned whether Islamic 'fundamentalism'-may shape up as the next millennial threat to liberal democracy*". Could Malaysia be one of them?

Management is defined as the process of administering and coordinating resources effectively, efficiently, and in an effort to achieve the goals of the organization (Pamela S.L, Stephen H.G and Patricia M.Fandt, 2004). Thus, the word management is interchangeably used with the word administration in this context.

MALAYSIA AND ITS DEVELOPMENT

The colonial legacy that is Malaysia's today is predominantly the result of British rule in the nineteenth and twentieth centuries. As a result, the impact of secularism was strong to influence the Malaysian leadership even after independence in 1957. This is apparent, as the mode of formulating the philosophical foundations of development and its implementation was one that derived largely from the western concept of development. Furthermore, during that time, many of the post-independence Malaysian political and administrative leaders were graduates of the United States (U.S) and the United Kingdom (U.K) institution of higher learning. In spite all these, Islam has actually been the predominant way of life in Malaysia.

ISLAMIC VALUES IN THE MANAGEMENT

The policy adopting Islamic values in the public administration was implemented in 1985 during the appointment of Dato'Seri Dr Mahathir Mohammed. The aim of this policy is to form a high moral and ethical Malaysian society as well as to generate discipline, justice, competence and effective administrative system.

"Nilai-nilai Islam yang hendak diterapkan ialah nilai-nilai yang berjaya mendirikan sebuah kerajaan yang berkesan dari segi kemanan, keselamatan, dan pembangunan yang mampu menyaingi pemerintah-pemerintah yang lain. Pemerintahan yang betul-betul menerapkan nilai-nilai Islam tetap akan berjaya. Tetapi jikalau tafsiran berkenaan dengan nilai-nilai Islam adalah sempit atau gagal, maka yang salah bukan agama Islam tetapi mereka yang membuat tafsiran yang salah." (1991)

Among the objectives the Malaysian government hopes to achieve and by considering Islamic values as the pillar are:

- These values are aimed at cultivating an individual along the principles of enjoying the good and forbidding the evil
- The value pattern is such that worldly economic pursuits are simultaneously accepted forms of worship. Hence there is no dichotomy between worldly and hereafter interests.
- These values ensure that there will not exist conflicts between individual and societal interests. In fact, any utility (that is, satisfaction) achieved by an individual is a positive function of the society's utility also.
- A successful conformity to the Islamic value-pattern must be prerequisite by a sound Islamic personality programme for the individual and the establishment of an environment, which also promotes the same value-pattern, under which the individual exists.

Some of the government agencies and education system that have made an effort to instill the Islamic values in their management include Perbadanan Kemajuan Negeri Johor (PKENJ), Bank Islam, SIRIM, Institute of Islamic Understanding Malaysia (IKIM), Lembaga Urusan Tabung Haji (LUTH), Institut Antarabangsa Pemikiran dan Tamadun Islam (ISTAC), Yayasan Pembangunan Ekonomi Islam Malaysia (YAPEIM), Ministry of finance, Ministry of Education, International Islamic University of Malaysia (IIU) and MARA University of Technology, etc.

The concept of modern management and innovation generally known to us conventionally is comparable to the Islamic principles. For instance the improvement on quality of work and productivity, is in consistent with the Islamic teaching. It needs one to work hard, responsible and honest to reach the said goals. Islamic principles provide excellence (**al-itqan**), development (**al-tajdid**) and innovation (**al-ibda**) in every work (Wan Liz Osman, 1999).

In the process of reforming or reinventing the Islamic administrative system to increase the efficiency of public service, the government though, does not openly use the Islamic connotation. This is to suit the environment where Malaysia is a multi racial society and at the same time avoiding Islamic semantic problems. The good values underlying are in fact practiced by other religions in their own way. These good values are essential for the process of becoming a harmonious nation.

Being a multi racial country, this aspect still remains as a constant consideration in any act of the government. It was and is still believed that this will accelerate the process of restructuring the society with a view to reduce and eventually eliminate the identification of race with economic functions. As discussed earlier, the way of life in Malaysia is quite different. The Rukun Negara, which was implemented after the

day of independence, declares faith in God as a cardinal principal of state policy. The Constitution of Malaysia in Article 3(1) provides, 'Islam is the religion of the federation but all other religions may be practiced in peace and harmony. Such tolerance is entirely in line with the spirit of Islam.'(The Star, October 29, 2001).

With the practice of Islamic values and parallel to the objectives of vision 2020, the government hopes to establish a high moral and ethical society whose citizens are strong in religious and spiritual values and imbued with the highest of ethical standards. With these values instilled, Malaysian society must be distinguished by the pursuit of excellence, fully aware of its potential, psychologically subservient to none, and respected by the people of other nations. The harmonization in our country subsequently makes our country stable politically and economically. Hence, these become assets to prepare us to confront the 21st century.

DEVELOPMENT IN ISLAM

Although development has different meanings for different people, one meaning seems generally accepted that is 'change'. In the Islamic perspective, however, change is not taken for granted-at least not in all spheres of development such as cosmic universe and the physical and moral laws, which do not change over years. Muslims believe that there is something in the total system of life that does not change and is not subject to modernization, of which will be explained as you read on. Other things, of course, are expected to change and their development and modernization are encouraged. Thus, it is very important at the outset to thoroughly understand what is subject to change and what is not.

Non-Changeable Elements

The elements that constitute the Islamic doctrines, principles, tenets, and articles of faith as well as the ideology that shapes the Islamic system are distinctively clear that they are not subject to change. A clear example is the Al-Quran and Hadis.

Changeable Elements

In Islam the basic rule is permission unless it concerns "ibadat" (worship) or otherwise is expressly forbidden in the Qur'an, Sunnah, Ijma'(consensus of Muslim community) and qiyas (intellectual reasoning by resemblance).

Discoveries of developments in science and technology for instance, which are conducive to the material well being of man, are, not only encouraged, but required. Also, in Islam, there is nothing that prohibits in the way of acquiring the most advanced technological inventions, such as the sophisticated nuclear power plant for destination and other purposes (Al-Buraey, 1990). The disciplines of science, technology, and knowledge in general do change according to advances over the years.

THE PARADIGM OFFERED

Islam has a comprehensive way of life for mankind and not constrained by the artificial differences of race, nationality or colour. It is based on the recognition of the One God and of man's submission to His Will and Guidance. Hence, man's mission is to devote himself by worshipping and being obedient to his Creator simultaneously this becomes his purpose in life. Due to comprehensiveness in nature, worship too is comprehensive. Worship includes both the spiritual and material pursuits as long as there are in accordance with the guidance of God in achieving justice for all.

There are seven major reasons why the needs for paradigm shift, which in this context is comprehensively useful to the government administration system as well as to private corporations .(refer to illustration I).

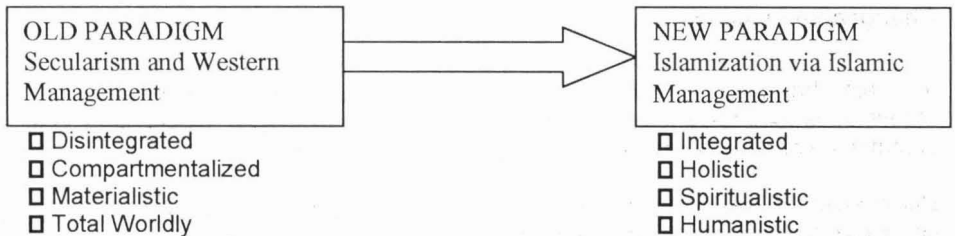
The prime objective in the paradigm shift is to achieve success "*al- falah*" in this world and also the world hereafter.

PUBLIC-CORPORATE MANAGEMENT: PARADIGM SHIFT

Illustration I

WHY THE PARADIGM SHIFT?

1. Islam as a way of life
2. Management of your own style
3. Strong religion and spiritual values establish a fully moral and ethical society
4. Preconditioned Islamization development
5. The formation of a respected society
6. Weaknesses encountered within the contemporary management
7. A future platform for the Muslims.



THE PHILOSOPHICAL FOUNDATIONS

In order to achieve success through the Islamic approach a man cannot avoid a brief but necessary exposure to its philosophical foundations or the tauheedics of which there are five: **tauheed uluhiyyah, tauheed rububiyah, khilafah, Tazkiyah an-nas and al-falah.**

"Al-Tauheed is that which gives Islamic civilization its identity, which binds all its constituents together and thus makes them an integral organic body which we call civilization. In binding diparate elements together, the essence of civilization in this case, al-tauheed impresses them by its own model. Obviously, no commandment in Islam would hold without al-tauheed. The whole religion itself, man'obligation to serve God, to fulfill its commandments and observe His prohibitions would fall to the ground the moment al-tauheed is violated," (Al-Faruqi, 1982)

Tauheed Uluhiyyah

This is the belief that God and all that is in the universe are His alone. Man must realize that the resources available to him are ultimately owned by his Creator and to be utilized for his selfish sake only. Rather, he is a trustee and must undertake to share equitable, among mankind.

Tauheed Rububiyah

This is the belief that God alone determines the sustenance and nourishments of His creation and will direct those who believe in Him towards success.

Khilafah

This is man's role as God's vicegerent (Khalifah) on earth. Besides being a trustee of God's resources on earth, man is also to undertake the responsibility of illustrating a model example for other men to follow.

Tazkiyah an-nas

This refers to the growth and purification of man as a necessary prerequisite before man undertakes the responsibilities laid out to him. Man is the agent of change in development. Hence, it is only appropriate that whenever change and development that accrues from his effort will be for the good of other men and not for the selfishness interests of him alone or void of any moral and ethical considerations.

Al-Falah

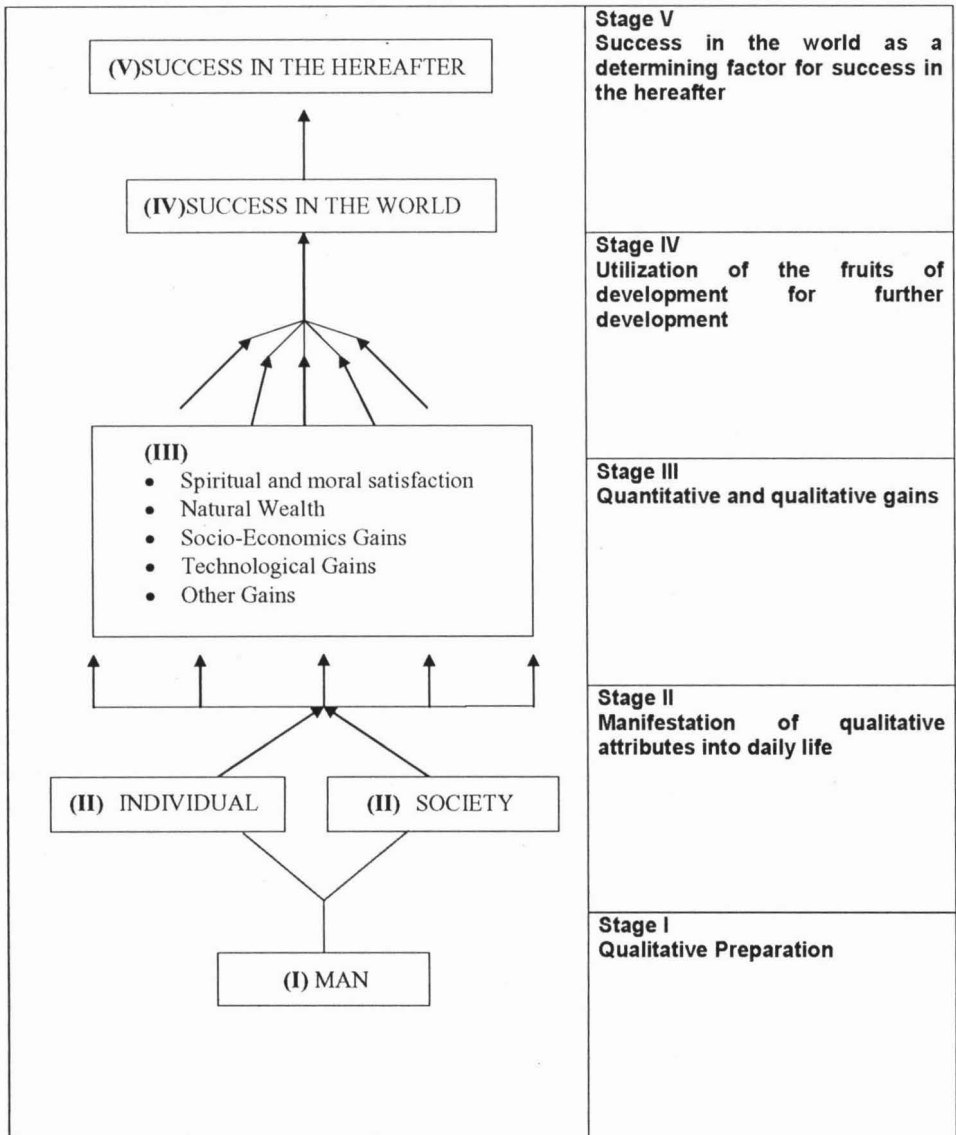
This is the concept of success in Islam whereby any success achieved in the life on earth will contribute as a success in the hereafter as long as that success (in the world) had been achieved within the guidance of God. Hence, there is no dichotomy between efforts made for worldly development and preparation for life in the hereafter.

With these basic foundations, development processes take place (Illustration II). It begins with a man as an individual to finally a strong successful nation. The implications of philosophical foundations enable a person to develop certain characteristics, which would help in management. Such characteristics involve:

Openness
Modest
Resilient
Harmonious

Self respect/self esteem
Righteousness
Patience
Confidence, etc.etc.

DEVELOPMENT PROCESS



SUCCESS THROUGH ISLAMIC VALUES IN MANAGEMENT

There have not been many researches done to find out on successful companies that have applied Islamic management. However, one fine example that can be discussed in this article is Perbadanan Kemajuan Ekonomi Negeri Johor (PKENJ).

PKENJ has been one of the most successful corporate organization in Malaysia. They have been successful both in expanding their wealth and also management. Evidently, they have been conferred inaugural Prime Minister's Quality Award in the Public Sector, 1990 and the first World Executive Digest Management Award for Development Management in 1991 (http://202.184.52.28/_profile/parent.php). The latter, is an international award as a recognition for their commitment to quality and sustained efforts for innovative and effective management towards national development.

When observe the success of this corporation, much Islamic administration is put forth. PKENJ emphasized the following points in cultivating its corporate management where indirectly enriches the Islamic philosophical foundations;

Leadership by example

The success of the PKENJ basically derived from the effectiveness of their dynamic leadership, at that time was Datuk Mohd Ali Hashim. He particularly put emphasis on the workers integrity, harmonious relationship among the staff as well as family members.

Work as an 'amal' (worship)

The value of 'amal' as an obligation to be carried out by everyone according to his/her capacity for the Merciful God and not for the sake of worldly materialistic was instilled to the staff.

Good working environment

PKENJ tried to inculcate a culture where there exists the **'family ties environment'** followed by **'the sense of belonging'** of all individuals in the organization. In addition, PKENJ also practices an open system to shut down barriers in communication among the different levels of management.

Open mind concept

In order to strengthen the business management, PKENJ follows the open mind concept. They are not hesitant to apply any new management system approach they find clean and good for the benefits of the organization even if this means the system has to be imported from Korea, Japan or Western countries. Hence, they will adapt the system into the Malay culture.

Human resource development

PKENJ is highly concerned with the development of its human resource. Programmes such as induction courses and orientation for new employees, counseling, and assessment were established to accommodate the staff.

Management concern for the staff welfare also leads them to include other routine programmes such as;

- Conducting Family Day
- Aerobic exercises
- Visits to orphan homes
- Enforcing staff punctuality
- To value their customers

THE ISLAMIC MANAGEMENT CHALLENGES TOWARDS THE 21ST CENTURY IN MALAYSIA

Some of the strategic challenges that are identifiable confronting the Islamic management of public and corporate sectors in Malaysia include: Vision 2020, the impact of western knowledge management, the rapid change following the 21st century, the emerging of Asian Century, the regional and global economic competitiveness, the impact of information technology, the rising of Islam, corruption, and socio-cultural issues.

THE VISION 2020

Malaysia's ultimate objective is to be a fully developed country by year 2020. The vision comprising 9 challenges covers: national unity and social cohesion, economy, justice, political stability, government system, quality of life, social and spiritual values, national pride and national confidence. In achieving this objective, not only individual citizen of Malaysia, the public sector and corporate sector will also have to confront these challenges in achieving the aspiration of the 21st century.

The process of achieving the vision 2020 should be able to accelerate if the society is outfitted with the foundation Islamic values. The public sector shall be the prime mover for such development process since it is the source in establishing policies, strategizing and developing new programmes.

The non-Muslims corporate sectors need not follow the Islamic policy nor do they need to worry about the implementation of the values as they can proceed with their own philosophies. The Islamic Management System or System of Justice will not threaten them or force them into accepting something different from their philosophies of life.

Corruption

Corruption is cancerous. It has been a human practiced even from the past. No doubt we are in the 21st century, this disease still exists in Malaysia. However, it is still under control. As indicated by Tan Sri Dr Nordin Soviee in an article "Malaysia-The Way Forward" (Lecture Notes) there are three categories of societies with regards to corruption; I) society with no corruption – rarely found (II) corruption is the "way of

life"-found in most society (III) " a fact of life"-a smaller group of society. He further claimed that Malaysia falls into the third category.

Thus, it is important that each individual irrespective of the race or religion to highly develop the moral and spiritual values in their management to avoid corruption.

The challenge here is to further reduce this corruption disease through Islamic ways.

Socio-Cultural Issues

Although Malaysia has successfully achieved its economic growth, but social problems still arises. Examples of social problems are drug users, adolescents losing morals, juvenile crimes and many others. A country with knowledge and sophisticated technology strength but with poor moral will not be able to produce a harmonious society. A successful nation should be able to integrate and instill the moral values comprehensively to the society.

Will Malaysia with Islamic Administration be able to encounter this problem?

The reemerging of Islam

The reemerging of Islam has become a great global phenomenal presently. This phenomenal has actually started long before, that is since the early 1970s. Lack of understanding, this new Islamic wave has been seen as a threat to the western people. Many of their authors and analysts cried out to their leaders to fight against this Islamic move openly. In 1993 Leon T. Hader from American University School of International /service wrote about the "The Green Peril"-*The colour related to Islamic Symbol* further stressed, "a cancer is spreading around the globe, undermining the legitimacy of Western values and threatening the national security of the United States."(Foreign Affairs, Vol.72, No.2 Spring:27-42)

The phenomenal Islamic threat is related to the Islamization process in any Islamic nation. Hence, any country adopting Islam for development and administration is perceived as threats to the western countries. Sudan is an example of a country being boycotted by some countries due to its implementation of Islamic policies. Malaysia too, has been eyed as one for that matter . There have been great issues on finding fault towards the Islamic countries especially when it is related to terrorism and the 11th September, 2001 issue.

Another interesting statement from a western futurist, Alvin Toffle predicted, "*The center of Islam will move from the Middle East, its original and traditional locality, to this place.*"(This means Malaysia and Indonesia- according to Wan Liz Osman, 1999). Is this prediction becoming a reality? Hence, now that Malaysia is heading the Organization of Islamic Conference (OIC) does Malaysia with its Islamic administration able to be the prime mover towards the reemerging of Islamic civilization in the South East Asia in this 21st century?

The impact of technology

The rapid pace of technological change is creating a wide array of new business opportunities. Technology changes economic and trading relationships. Simultaneously, creating new forms of society. The development of INTERNET,

opens up possibilities for electronic banking, education on demand, digital photography, video conferencing, e-mail, virtual shopping, virtual factories, etc. etc; ultimately has the potential to change almost every aspect of human life.

There is no denial that Malaysia lags behind technology. In general, we import technologies developed in the West and some other parts of the countries. This is in fact a challenge towards Islamic administration. The benefits of technological advances should be fully utilized to speed up and to become a more sophisticated Islamic public management.

The regional and global economic competitiveness

The flow of economy and information are now global. Malaysia has to face new forms of trading that exist from parts of regional areas like North America Free Trade Area (NAFTA), Asean Free Trade Area (AFTA) and European Union (EU). Another challenging factor is the existence of World Trade Organization (WTO) with its role to implement a broader scope of the international trading agreement. WTO is seen to have a great influence over developing countries. The developed countries on the other hand, are more popular in managing WTO and they are also responsible for organizing policies. It is feared by many that the policies established may be quite similar to the one set for International Monetary Fund (IMF), least that it has helped the Third World Country.

This is a challenge that an Islamic management needs to face. The public administration must create core competencies to stay competitive in the liberal economy. The collaboration of private sector and public sector providing synergy in work culture and as well as the combination of Islamic management, would be able to contribute to the development of a pro-active organization, responsive, competence, clean, knowledgeable and prestige.

Asian Renaissance

Steven Schlosstein in his book of *Asia's New Little Dragons: The Dynamic Emergence of Indonesia, Thailand and Malaysia* indicated that the new economic countries in the 21st century will be industrialized countries that would bring economic wealth to the Asia Pacific. Additionally, due to the rapid economic growth of Asian countries, Dato' Seri Anwar Ibrahim there then the Deputy Prime Minister forwarded his new idea and named this as 'Asian Renaissance' or 'The Reemerging of Asia'. According to him, the reemergence is not positioned on the economic strength but also on the culture and unique eastern values (Wan Liza Osman, 1999).

The challenge to Malaysia is, are we able to speed up the economic growth to fulfill our 2020 vision for a developed country using the Islamic management approach?

Managing Change

According to Peter Drucker (Spring, 1993), interpreted on managerial change as, 'a manager is responsible for the application and performance of knowledge' and further stressed that 'knowledge is the only meaningful resource today'. Change has becoming the norm in most organizations. Adaptive ness, flexibility and responsiveness are terms used to describe the organizations that will succeed meeting the competitive challenges. Administrators and Muslim managers must

intelligently use their knowledge in applying the Islamic management concepts or models during the period change without having to hurt the sensitivity of other races. Thus, possessing the knowledge of Islamic management and the skills to manage change are two major aspects required for a Muslim manager to overcome the challenges of the 21st Century management.

The impact of Western knowledge management

The westerns are rich with innovative ideas on management or administration. Their ideas and theoretical techniques management would influence most of the countries in the world today, including Malaysia. Reengineering has taken place in our country Malaysia and this is merely one of their ideas. There are lots of reference books written by the western authors about management, while very rare by local Malaysians. Such exposures on the Islamic management written by our local should be encouraged. They should take this up as a challenge to give their points of view about Islam and the future management. At the same time provide some exposure of how true it is that Islam can offer the management of the universe.

CONCLUSION

The goals to making Malaysia by year 2020, into an untied nation, with much confident society, infused by strong moral and ethical values, living in the society that is democratic, liberal and prosperous, and in full possession of an economy that is competitive, dynamic robust, resilient and socially just clearly reflect the multi dimensions in our leader's perspective of a society that can be a master of its own destiny in the 21st century. The ability to achieve towards these goals can definitely lead towards a great Malaysian nation.

The society and leaders alike are to be convinced theoretically that our model of nation development must possess a holistic, integrated, spiritualistic and humanistic approach as in the new paradigm shift.

Some signs have shown that as an Islamic country, the Islamic banking has already been accepted by the nations irrespective of the race. On top of that, the Islamic Banking system has also been recognized by IMF as a banking system that is well developed and controlled in the world (Utusan, 27 Oktober, 2001). This is an international recognition in which Malaysia should be proud of. Most importantly, this shall strengthen and provide confidence to the non-Muslim society when the public administration tries to deliver any Islamic programmes.

Islam has a lot to contribute, along this line of thoughts, towards the nation's progress. Some of those can be mentioned here include:

- Islam insists that Muslim build a strong civilization, which can be a blessing to all mankind. The Islamic civilization recognizes the significance of ethical and moral development of people.
- Islam believes that the individual's action should subscribe to the truth. Truth Muslim can only be derived from the instruction of the Creator. Islam insists that societal progress can be attained through mutual cooperation of every individual.
- The Islamic approach to social progress requires every individual to participate and act as partner in their activities. Thus, to be contributive and

productive, every member of the society must possess some minimum basic qualities.

It is believed that the new vision of the Malaysian government is somewhat the ingredients of Islamic values that would work towards the paradigm shift in management and administration. The implementation of the Islamic programmes and administration should be done with benefit intent, intellectually and progressively. These will allow the nation to have more confidence and is able to accept the Islamic management concept, which is comprehensive and universal.

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