

**THE DIFFERENCE BETWEEN CORPORATE MANAGEMENT
AND CONVENTIONAL MANAGEMENT FROM ISLAMIC
PERSPECTIVE**

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بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

I hereby declare that the work in this thesis is produced with my own ideas and efforts except for quotation and summaries which have been duly acknowledged.

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ABSTRAK

Tujuan projek ilmiah ini ditulis adalah untuk membincangkan secara keseluruhan perbandingan antara pengurusan korporat dan pengurusan konvensional menurut perspektif Islam dalam proses untuk memajukan sesebuah syarikat korporat yang berjaya. Di samping itu, ia juga bertujuan untuk menambahkan pemahaman masyarakat mengenai kepentingan pengurusan korporat Islam serta memberi peluang kepada masyarakat Islam untuk lebih menceburi bidang pengurusan korporat. Projek ilmiah ini akan memberi tumpuan kepada perbandingan pengurusan korporat dan pengurusan konvensional. Fasa akhir penulisan ilmiah ini akan merumuskan mengenai peranan etika pengurusan bercirikan Islam sama ada pengurusan korporat dan pengurusan konvensional berkait rapat atau sebaliknya dengan pengurusan Islam. Di samping itu penulis juga menghuraikan mengenai perkaitan dakwah dalam pengurusan korporat. Untuk memperolehi data, penulis hanya merujuk kepada buku-buku di perpustakaan antaranya perpustakaan KUIM, perpustakaan UM, perpustakaan Negara, perpustakaan Negeri dan pusat Islam. Di samping itu penulis juga merujuk secara tidak langsung merujuk majalah-majalah, surat khabar dan jurnal-jurnal yang berkaitan.

ABSTRACT

The purpose of this academic project is to discuss the difference between corporate management and conventional management from Islamic perspective to be a successful corporate company. Besides that, the objective also is to increase the knowledge of the people about the importance of Islamic corporate management and give an opportunity to the Muslim society to take part in this corporate management. This academic project will concentrate on the differences of corporate management and conventional management. At the end of the academic project researcher will conclude the role of Islamic management either both the corporate management and Islamic management are co-related or are they of two separate entities. This academic project also describes the relationship between dakwah movements and corporate management. The researcher referred to books in the KUIM library, UM library, National library, State library and Islamic Centre library for the purpose of literature review. The researcher also referred to magazines, newspaper and the related academic journal.

ملخص البحث

الهدف من هذا البحث هو مناقشة الفروق الموجودة بين إدارة الشركات المتعددة الجنسيات والشركات الخاصة من وجهة نظر إسلامية لتطوير إدارة ناجحة لهذه الشركات. وبجانب ذلك من أهداف البحث أيضا رفع مستوى معرفة المجتمع فيما يتعلق أهمية الإدارة الإسلامية للشركات المتعددة الجنسيات، لإعطاء المجتمع الإسلامي فرصة للمساهمة في هذا المجال. فهذا البحث سيركز على دراسة الفروق الموجودة بين إدارة الشركات المتعددة الجنسيات وبين الإدارة الخاصة من وجهة نظر إسلامية، وفي النهاية سينتهي إلى خلاصة في دور الإدارة الإسلامية في كلا المجالين السابقين وعلاقتها بالإدارة الإسلامية. كما يحاول هذا البحث دراسة العلاقات القائمة بين الإدارة الشركات المتعددة الجنسيات والدعوة الإسلامية. وقد اعتمد البحث على مراجع بعضها في مكتبة جامعة كويم وبعضها في مكتبة ملايا والمكتبة الوطنية، ومكتبة الحكومة ومكتبة المركز الإسلامي، بالإضافة إلى ذلك أشارت الباحثة إلى بعض المجالات والجرائد والدوريات التي لها علاقة بهذا المجال.

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GLOSSARY

Al-Quran/Koran	the Quran is Islam's book being the uncreated word of God revealed through to Prophets Muhammad s.a.w.
As-Sunnah	'customary practice' to indicating the specific actions and saying or the Prophet Muhammad himself.
Adab	a wide variety of meanings ranging from 'culture' and 'good manners' to 'belles-nations'.
Akhlak	moral, character of person.
Amar Ma'ruf Nahi Mungkar	enjoining good and forbidding evil.
Da'wah	missionary movement.
Fard'	religious duty
Hadith	record of the sayings and doing of the Prophet Muhammad and his companions.
Haqq	the truth / divine truth.
Halal	Lawful
Haram	that which is forbidden and unlawful, also sinful.
Ibadah	worship, devotional action, observance require by the Islamic faith.
Tawhid	Islamic monotheism or the absolute Oneness of Allah
Iman	theologically and Qur'anically this Arabic word has come to mean 'faith', 'belief', right belief'.
Management	the process of coordinating work activities so that they are completed efficiently and effectively with and through other people.
MBWA (Management by Walking Around)	a term used to describe when manager is out in the work area, interacting directly

	with employees, and exchanging information about what is going on.
Strategic Management	that set of managerial decisions and actions that determines the long run performance of an organization.
SAW/PBUH	peace be upon him.
TQM	
(Total Quality Management)	a philosophy of management that is driven by customer needs and expectations and focuses on continual improvement in work process.
Ulama	Body of Muslim scholars, recognized as having specialized knowledge of Islamic sacred law and theology.

TRANSLITERATION

1. ALPHABET

<u>Arabic</u>	<u>Latin</u>	<u>Example</u>	<u>Transliteration</u>
أ	a	أخلاق	Akhlak
ت	t	تصوف	Tasawwuf
ج	j	جزية	Jizyah
ح	h	حسبة	Hisbah
خ	kh	خرج	Kharaj
د	d	دبر	Dabbara
ر	r	راشدين	Rasyidin
س	s	سيدنا	Saidina
ش	sh	شورى	Shura
ع	c	عباسية	Abbasiyah
غ	gh	غنيمة	Ghanimah
ف	f	فقه	Feqah
م	m	مقدمة	Muqaddimah
و	w	وحي	Wahyu

2. Short Vowel

Arabic	Latin	Example	Transliteration
----- ا	a	أمر	amar
----- ي	i	مؤمن	mukmin
----- و	u	علوم	ulum

3. Long Vowel

<u>Arabic</u>	<u>Latin</u>	<u>Example</u>	<u>Transliteration</u>
ي	i	حديث	hadith
و	ü	علوم	ulüm

ABBREVIATION

A.S	alaih as-salam
IKIM	Institut Kefahaman Islam Malaysia
KUIM	Kolej Universiti Islam Malaysia
p.	page
pp.	pages
SAW	salla Allah alayh wa sallam
SWT	subhanahu wa taala
UKM	Universiti Kebangsaan Malaysia
UM	Universiti Malaya
vol	volume

CHAPTER
ONE



CHAPTER 1

RESEARCH PROPOSAL

1.1 INTRODUCTION

Nowadays, the corporate world becomes larger and dynamic. In the other words, the corporate sector is being develop and being a good transformation. The involvement of Islamic people is very increase and should proud of it. The corporate management become changing because of the cooperation and the involvement of Islamic people in this sector. The development is because of the economic development, increasing the new economic relation between the transformation country towards the open commodity and the relation between the Islamic countries also.

Nevertheless, the emulation was produce people who can make a different between Islamic lifestyle and western lifestyle, good and bad and also halal and haram. So, it is proud news to convey.

The Islamic corporate management is sources by Al-Qur'an and Al-Sunnah, akidah, syarak and akhlak that is the good alternative to the world crisis nowadays. It is because the Islamic corporate management can solve the management problem from the beginning.

1.2 PROBLEM

In order to finish this research, I had a lot of problem because the research about this Corporate Management is not widely.

The first problem is lack of primer sources and only about the Conventional Corporate Management in America and Europe. It is different between with the researcher's objectives that only focus to the difference between Islamic Corporate Management and Conventional Management.

So, the researcher only depends on the paper work of seminar relate to this research, magazines, website, and some of the sources are from interview with the corporate people.

The problem that occurs did not deprive the researcher's effort to finish this research. The researcher hope that this research will be the basic to the other indeed research.

1.3 BACKGROUND AND LITERATURE RIVIEW

This research is tried to highlight the concept of Islamic corporate management basically to be the stepping stone to the research indeed. It is quite important because what we see until now, the research about corporate management is very small compared to the conventional corporate.

John Naisbitt in his book "Global Paradox" focus about the role of government and self-management. Nowadays all over the world focus to the management according to collective and individual's action.

Naisbitt focus that the processes of modernization force the big organization to upgrade their organizational to perpetual the high entrepreneurial. The organization should choose the entrepreneurial sources according to the new system. So from the information given the researcher can make the relationship

between this point and my research topic “The Difference between Corporate Management and Conventional Management from Islamic Perspectives”.

For example, from the Islamic religion and also from the Perbadanan Kemajuan Negeri Johor case, they apply the trustworthy institution to make them strong to face the future challenging. From “Membujur Lalu...Satu pengalaman Orang Melayu Dalam pengurusan, Mohd Ali Hj. Hashim.

Journals are also useful for this research like Institut Kefahaman Islam Malaysia (IKIM) Journal, from Nik Mustapha Hj. Nik Hassan, Ahmad Faiz Abdul Rahman, Syed Othman Alhabshi and Hasnan Hakim and also Journal of Usuluddin from Akademi Pengajian Islam.

1.4 METHODOLOGY

1. Research Format

The research is a descriptive study. Therefore, this study only describes the concept and the other relevant matters of corporate conventional management and Islamic corporate management. For the study, setting this research is on a library research study. So the researcher will get the information based on the books and other articles from library. The time horizon of this study is a cross-sectional in the short study, it is because data are gathered and will be completed after eight month.

2. Data Collection

In this research, the researcher gets the data from the books. Most of the reference books are in English and some of them are in Arabic and Malay. The data also will get from Internet; the researcher refers to many libraries to get the information that relate to this discussing topic. The KUIM's library and also the others library like Tun Sri Lanang Library, UKM, Main Library of

University Malaya, University Islam Antarabangsa Malaysia(UIA), National Library, State Library, Islamic Centre will be using as an information sources.

1.5 SCOPE

This research will examine the development of Islamic management and conventional management from the history and background. Besides, the researcher also makes the comparison analysis of the Islamic management function and conventional management function.

The principle, strategy, analysis and the implementation of corporate result will be discussed to make the reader easy to make an assessment. Nevertheless, this research is only to describe the corporate management concept briefly to give a whole view about corporate management.

The focus of this research describe about the Islamic corporate management and conventional management basically. The researcher will focus to the comparison of Islamic corporate management and conventional management.

1.6 OBJECTIVE

The reason of this research is to introduce the Islamic Corporate Management theoretical and practical. Besides, to find differentiate between the Islamic Corporate Management and Conventional Management and also to fulfill the condition of year three student of Faculty Leadership and Management, Islamic University College of Malaysia.

The objectives are:

1. To understand indeed about differentiate between the Islamic Corporate Management and Conventional Management.

2. To know and highlight the Islamic Corporate Management and to highlight the rule of this management as an alternative for Conventional Corporate Management.
3. To make an important assessment in Islamic Corporate Management and conventional management.

CHAPTER
— RELATIONSHIP TO MANAGEMENT SYSTEMS



CHAPTER
TWO



CHAPTER 2

INTRODUCTION TO MANAGEMENT SYSTEM

2.1 Introduction

Even though the emphasis of management system nowadays give us a picture that it is a new system, but history shows otherwise. Actually, the development of mind relating to management started when humans try to do a job in a group. Some of the jobs include building a pyramid by Mesir People, Old Greek and Rome culture, efforts on management and Islamic Administration, development and management of Catholic Church and others.

The modern management concept already existed in ancient times. Example is theory of anti centralization or segregation of power. It was already applied during ancient Mesir Civilization times, which is during Prophet Musa administration. He had appointed several leaders to manage and solve problems in between Israel descendants without referring to him. Therefore, cannot be denied that in our day-to-day live, management is a thing that cannot be separated. It is always used whether formally or informally.

2.2 Development of Management System

As explained beforehand, management system had developed step by step according to humans' civilization but detailed development cannot be proved accurately. But from history point, it can be divided to 2 main categories, which are the development of management activities during Islamic administration century and modern century.

2.3 Introduction to Management System

2.3.1 Management Definition by Islamic Perspectives

Management definition as explained before does not explained Islamic perspectives on management. From the researcher understanding, theory and discussion in normal management do not include Islamic philosophy and principle. In Islam, there is no separation as that. Only one harmony integration management discipline exists in Islam.

Islam as ad- Din is a culture and a way of life that make it different from ideology, understanding and other religions. One of the life aspects in Islam is organization administration in the Islamic system itself. In organization administration, there are individual management of manager, employees' management and management for other sources inside an organization. Muslims whether as a manager or worker should practice complicate way of life as guided by Quran and prophets sunnah, which is hadith that means to enslave oneself to Allah S.W.T.

When looking at management from Islamic Perspectives, it does not mean that Islamic manager rejected hundred percent of the goodness of modern management that practice by today organization. A lot of Islamic individual today confuse with converting the management to Islam and to put management in Islamic new way and does not relates at all with conventional management. Islamic manager should realizes and know that they can practice modern principle and techniques as long as the principles or techniques does not against Islamic teachings. In this matter, Islamic management does not reject hundred percent of any conventional management principles and techniques that are not differ with Islam.

Management are defined as a process of working and to complete through management functions with piety together with other people in an effort to achieve the job objectives effectively and using organization sources effectively

in a dynamic environment and always changing to achieve organization objectives to success in life and eternity.

The importances of management are explained in Quran, some of them are in Surah Yunus (10:31).

قُلْ مَنْ يَرْزُقُكُمْ مِّنَ السَّمَاءِ وَالْأَرْضِ أَمَّنْ يَمْلِكُ السَّمْعَ وَالْأَبْصَرَ وَمَنْ
يُخْرِجُ الْحَيَّ مِنَ الْمَيِّتِ وَيُخْرِجُ الْمَيِّتَ مِنَ الْحَيِّ وَمَنْ يُدِيرُ الْأُمْرَ
فَسَيَقُولُونَ اللَّهُ فَقُلْ أَفَلَا تَتَّقُونَ ﴿٣١﴾

(Al-Qur'an. Yunus 10:31)

Say: "Who is it that sustains you (in life) from the sky and from the earth? Or who is it that has power over hearing and sight? And who is it that brings out the living from the dead and the dead from the living? And who is it that rules and regulates all affairs?" They will soon say, "Allah." Say, "Will ye not then show piety (to Him)?"

Management definition from language aspect is originated from Arabic "dabbara" and the root word is "manage" that means managing. It is human abilities to use the sources whether in a form of cultural or humanity that are given by Allah on this earth.

Umar Al- Khattab definition of management is to entertain public or citizen need. This matter can be seen through his words "I already appointed a governor for you, also officers not to carry your body or to take your properties but to educate and serve you".

This principles summary of the above scholar opinions about management definition generally can be divided to three main categories:

1. As a skill in organizing and implementing to achieve an objectives.
2. As basis implementation for organizing charity.
3. As a consistency between government agency to implement basis principles that agreed upon to achieve country aim which is welfare and public needs.

2.3.2. Background of Islamic Management

Management had been performed by humans' society for centuries to arrange all the activities to have comfort, peace and happiness. This has been clear proven and human history had developed many cultures since from human times that is from Prophet Adam A.S times until now.(Syed Othman Al-Habsyi & Haliza Ibrahim, 1998: 3).

Prophet S.A.W times (610- 632 M), Early Islamic Period (632-661 M), Umayyat Period and Abbasid Period.

1. Prophet S.A.W times (610-632 M)

Prophet times included various fields. Basically, management applied to make sovereign Islamic religion on this earth.

There are a few of important principles of management during Prophet time which are to build a center that act as a place for piety, parliament, others courts to solve ummah problems, to make relatives of Muslims through adoption siblings program (al-muakat), building Madinah as the first Islamic country that carried out Shura system, propagate da'wah through formal letters, strenghtened Islamic economy and defend countries through jihad.

Muhammad Al-Bureay is one of the scholar that analyzed the event, had summarized that hijrah is the main reason for the development and success of Islam to exist in the world until now.(Mustafa Hj. Daud, 1994: 29). This altogether showed that management strategy quality that owned by Prophet is the greatest and highly vision.

At that time, to strengthened the program, one syura council are formed, the council consists of 7 Muhajirin and 7 Ansar people, some of them are Abu Bakar, Umar, Ali, Hamzah, Ja'afar, Ibn Mas'ud, Salman, Ammar, Huzaifah, Abu Dzar, Miqdad and Bilal. Beside that, organizing and segregation of power, and ruler's seal also practiced in Prophet time.

Ali b. Abi Talib had been appointed as a writer, Huzaifah Al- Yaman as confidential secretary, Al- Harith as a holder of Ruler's Seal, Muiqib Bin Abi Fatimah as war plundered properties accountant, Abdullah b. Arqam as manager in letters division and Zaid b. Thabit as a translator that translate Parsian, Rome, Qibti, Habsyah dan Jewish language.(Ahmad Ibrahim Abu Sin, 1991: 45). Here can be seen that human resources management that taught by prophet is looking at the Individual skills depending on their abilities.

Income management of Islamic countries at that time, such as zakat, ghanimah, kharaj, jizyah dan properties without heir are spend for public needs and distributed evenly.(Mahayudin Hj. Yahaya, 1998: 35).

2. Early Islamic Period (632-661 M)

Saidina Abu Bakar is the first caliph after Prophet died. He had borne the responsibility in managing country following the principles and system that introduced by Prophet. According to Saidina Abu Bakar, caliph responsibilities are divided to two categories, which are head of piety and administration and management. (Mustafa Hj. Daud: 1994, 33).

Saidina Umar is caliph that glowed in management side. He had known as **“The Great Grandfather of Islamic Administration”**. During his rulings, a lot of innovation and reformation done. He succeeds in introducing the concept that now considered as new in theory and practice of modern administration. Therefore, Saidina Umar considered preceding his times. (Wan Liz Othman Wan Omar: 1996, 62).

A few innovative institution and new administration were introduced such as financial and taxation division, chancellery, charitable body, mail services, treasury, judicial committee and others. (Ahmad Ibrahim Abu Sin: 1991, 63).

However, most of history scholar had summarized that Umar implemented a clearer management principles, dynamics and fulfill the Islamic management concept and modern management.

Caliph Uthman b. Affan and Ali b. Abi Talib also continued practiced Prophet and former caliph way of rulings and administration. He also gave the idea of syura system as implemented by prophet, Abu Bakar and Umar Al- Khattab.

3. Umayyat Period

Political basis and rulings that practiced by Umayyat had changed to a very strong centralization of power basis because of the vying of power in between Arabic's tribe. Umayyat times known as time for unification. This is because all Muslims except khawarij tribe had been united again under Islamic government leadership.

But the Umayyat also had made reformation by created 5 new divisions in administration which are military forces, taxation, mail services and Ruler's seal. During Umayyat time, administration was being centralized, public records that were written in Qibti, Yunani and Pahlavi, then changed to Arabic.(Mustafa Hj. Daud: 1994, 40) At this time, Arab's money is printed for the first time to replace Byzantine gold.

4. Abbasid Period

Monarch rulings basis still practiced during Abbasid rulings. The management system that are more proper and systematic introduced by them as ministry and judicial.

Besides, Abbasid also formed a supervisions unit that are known as al-Hisbah as police division nowadays, that are responsible to control, watch and make sure that rules are abide and laws are implemented justly, it is part of management that introduced since Propet's time the Abbasid make better for it. (Ahmad Ibrahim Abu Sin: 1991, 40).

2.3.3. Islamic Management Scholar Model

Even though western scholar studying management matters hardly and come out with various theory since 18th century, but actually Islamic Scholars are the first doing analysis and producing various theory that act as a base to new theories. Shortly, Islamic scholars are the pioneers in management theories centuries before western scholar. Some of the scholars after Abbasid Period are:

1. Nizam Al- Muluk Al- Tusi (1017- 1092 M)

Nizam Al- Muluk Al- Tusi was one of the Prime Ministers in Saljuk Government ruling time. This government succeeds because of intelligences, high diplomacy and obeying to Islamic ethics that are foreign to some of the leader and manager that were most significant and succeeds. Some of his achievements are competency, tidiness and cleanliness' of management especially in letter writing.

In his book Siyasat Nama, he fights for all the rulers and managers to have fair trustworthiness characteristics. This is because every leaders and managers have great responsibilities for welfare, prosperity and happiness of the peoples in their countries.

He also stressed the importance of fairness, sincerity, honesty, courteous in entertaining reports and others that are compulsory for a leader. Rulers should formed and make sure that judiciary system are strong and the members are qualified. Laws created must not differentiate between lower class, middle class and upper class citizens. All must be treated equally and fairly.

Other than that, he also stressed to appoint of an officers or workers. Every officer that is going to be appointed must have qualifications, skills and talents also their own interest. Therefore, it is all should be use to increase the quality and productivity of the jobs in administration and management. (Mustafa Hj. Daud: 1996, 131).

2. Al- Ghazali (1058-1111 M)

His name is Abdul Hamid Al- Ghazali. He is also of the highest theologians in Islam. He was known as one of the most knowledgeable and all-rounder person in almost all the studies such as Kalam (doctrinal theology), Tauhid(doctrine of divine unity), Akidah (faith and believe), philosophy, Fekah (Muslim canon law), Tasawuf (Islamic mysticism), akhlak (science concerned with the human character), management and rulings matters. His works related to rulings and managing was state in Kitab Nasihah Al-Muluk. Besides that, Imam Al-Ghazali also paid attention to the management of welfares, government fairness, prosperity, economics affairs, jobs specialization and accountability in wealth management, ownership, income sources and poverty. (Aidit A-Ghazali: 1992, 19).

In the process of analyzing leadership character, his opinions are the individual must improve his level of faith, piety, performing good works, brave to speak the truth, gentle, intelligent, forgiving and patient and can traced all the mazmumah characteristics such as breaking a promise,

squandering, haughtiness, liar, dispossess other people properties and betrayer.

Imam Al-Ghazali summarizes that rulings and management are two sources that cannot be separated from Islam as a religion or ad-din. (Mustafa Hj. Daud: 1996, 136).

3. Muhammad Ali b. Tabataba (1302)

He was the author of Kitab Al-Fakhri that are translated to several languages, which are French in 1910 and English in 1947 by C.E.J. Whitting. This book tries to analyze the main factors of failure of an organization. This failure is because of the stupidity and lack of knowledge of the manager in the management. They manage based on their feelings and desires by doing cruelty to the employees. It makes the employees angry and lead to the failure of an organization.

To overcome this problem, manager must prepare himself with knowledge, intelligently and fairness. To guarantee the consistent in an organization, manager and employees must help each other, co-operating and comfortable with each other to have a strong relationship.

This book also stated the usefulness of Syura in most of the affairs. According to him, Syura is the basis of Islamic Management that gave existent to fairness and perfection in management. It is the evidence of Prophet and His friends' times. Syura are responsible to make the principles implemented always have support and confidence by Muslims. (Mustafa Hj. Daud: 1996, 47).

4. Ibn Khaldun

Ibn Khaldun was one of the famous and respected theologians. He had expertise in history, sociology, philosophy and civilization. He introduced a

more proper taxation system and efficient land management. He divided the land to several categories such as cultivated lands, war-subjugated lands and uncultivated lands. The tax rates are depending on the type of lands. It is most respected work known as Muqaddimah. He also strengthens his thinking regarding the management.

Islamic management was introduced to control and make sure that management is done with the right way and fair. It must be understand and followed by all the managers and leaders. Some of the important characters that are stressed are intelligent, generosity, fairness and coherent. From his view, these characters can build dynamic, consistent and a peaceful management. (Ahmad Ibrahim Abu Sin: 1991, 22).

According to Ibn Khaldun, a good management ethics are based on wahyu (revelation through a vision or dreams) from Allah, which are Al-Qur'an an Al-Sunnah. This two sources can prevent managers from their desires and materialistic. It leads to fairness and welfare for others, which are suitable for anytime and anywhere.

5. Baqaal Oghlu Sari Hj. Muhammad Pasya

He was the author of Kitab Wazaih Al-Wuzara wa Al-Umara. This book written during Uthmaniah period. It was belief the best because discussing rulings ethics and management in 17th century that are not discussed before. He was well experienced in rulings and management matters because once he was the Head of Treasury in Uthmaniah Ministry, which are very wealthy since 1702. During his writing, Uthmaniah faced a very bad crisis when there are power vying and cheating between the promoted officers. It involves almost all the Turki Uthmaniyah territories at that time.

He explained that government officers must controlled themselves from doing bad things to prevent cruelty, treason and bribes. The personal

preference in choosing people is the greatest enemy in country management. Everybody have equal rights without looking at their connections.

He also stressed in good behavior in armies especially the commanders because the country's strength and administration depends on strength of the armies. Government and management are weak if armies practices treason and bribes.

He also listed out several ethics that should be followed by officers and administration staff. The matters include avoiding hastily and hot-tempered characters. Every decisions especially relating to law must be carefully think and investigate first. They must avoid jealousy and feign act. They must not be a snob and have low opinion on others. The chosen people are the hopes of citizens to create peacefulness and victories to the country. (Mustafa Hj. Daud: 1996, 161).

2.3.4. Islamic Management Function. (Azman Che Omar: 2001, 16)

Management ideologist had generally accepted Fayol ideas about management. However, there are a few changes done by them about those functions according to time movement. Generally, management includes planning, directing and controlling.

1. Planning

The organization planning, developing and progressing to achieve the specific target that was determine must be control and measure, to make sure that mistakes can be corrected immediately. In the globalization era today, planning is necessary to make sure that organization can change to be parallel with market and environment changes.

In the process of planning there are a few steps need to be take. First step is to decide organization directions that need to be achieve. Then, department

objectives will be creating to support organization directions. Managers also need to state the work objectives for his staff.

Any decisions can cover short term and long term planning. To carry out the planning, organizations need to create organization structures that contain a relevant and suitable department to achieve the organization directions.

Planning also had explained in Al-Qur'an that is in Surah Al-Taubah (9: 122).

﴿ وَمَا كَانَ الْمُؤْمِنُونَ لِيَنْفِرُوا كَآفَّةً فَلَوْلَا نَفَرَ مِن كُلِّ فِرْقَةٍ مِّنْهُمْ طَائِفَةٌ لِّيَتَفَقَّهُوا فِي الدِّينِ وَلِيُنذِرُوا قَوْمَهُمْ إِذَا رَجَعُوا إِلَيْهِمْ لَعَلَّهُمْ يَحْذَرُونَ ﴾
 ﴿١٢٢﴾

(Al-Qur'an. At-Taubah 9: 122)

Nor should the Believers all go forth together: if a contingent from every expedition remained behind, they could devote themselves to studies in religion, and admonish the people when they return to them, that thus they (may learn) to guard themselves (against evil).

2. Organizing

A lot of managing functions relates with manager and employee relationship. Therefore, a manager before managing their employees they must give them appropriate work first. A manager should know human resources management and employees welfare. It is understood if we found out that many ideologists put employing functions as important factors in management functions.

(Al-Qur'an. Surah Ash-Shaff 61: 4)

Truly Allah loves those who fight in His Cause in battle array, as if they were a solid cemented structure.

3. Leading

After organization, structure created and department managed and arranged by manager, then staff should perform jobs appointed. Therefore, managers must be wise to influence and directing employees to desired objectives by trying to fulfill employee's wishes in performing their works.

4. Controlling

Managers must make sure organization operated smoothly and accordingly with the planning stated. This process aids management to get correct information regarding department jobs performances comparing with specified standard. If there is any deviation regarding performances, therefore actions will take to correct it immediately.

اللَّهُ وَلِيُّ الَّذِينَ ءَامَنُوا يُخْرِجُهُم مِّنَ الظُّلُمَاتِ إِلَى النُّورِ
وَالَّذِينَ كَفَرُوا أَوْلِيَاؤُهُمُ الطَّاغُوتُ يُخْرِجُونَهُم مِّنَ النُّورِ إِلَى
الظُّلُمَاتِ أُولَئِكَ أَصْحَابُ النَّارِ هُمْ فِيهَا خَالِدُونَ ﴿٢٥٧﴾

(Al-Qur'an. Surah Al-Baqarah 2: 257)

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).

2.4 Development of Conventional Management

Industrial revolution that happened in Europe had lead to development of management theories such as scientific management, classical organization, human's behavior, management sciences, approaches system and contingency approaches system.

2.4.1 Definition of Conventional Management

Mary Parker Follet, is pioneer of classical management, had define management as *an art of working through other peoples contributions*. Then this definition had been widen by a modern management ideologist, Harold Koontz as *an art of working through and with other peoples in a group purposely created*.(Azman Che Omar: 2001, 5).

This definition tells us that, manager normally achieve objectives with giving jobs and duties to other peoples so that it can be done to achieve objectives.

Other than that, Stoner who is the author of modern writing said that management is process of planning, managing, directing and controlling of organization efforts and using other organizations sources in an effort to achieve organizations specific objectives.

Thierauf a writer of management book had define management as a process of *dividing or allotment of organization inputs (including economics and humans resources) through process of planning, managing, directing and controlling to produce output (goods and services) that needed by customers so organization objectives achieve*. In this process, work done through organization members in a business environment that always changing and dynamic. (Azman Che Omar: 2001, 7)

2.4.2 Background of Conventional Management

The Conventional Management comes out in 18th century according to the society of western changing that is from the farmer society to the industrial sophisticated society. The sociologists of management try to find the new method to make the relation between industrial and society. Finally, theory, concept and management system was found and its can be the helper to management and endeavors, and it still develop until today.

Organizing endeavors directed by people responsible for planning, organizing, leading and controlling activities have existed for thousand of years. In 1776 Adam Smith published a classical economics doctrine, the wealth of Nation, in which he argued the economic advantages that organizations and society would gain from the division of labor the breakdown of jobs into narrow and repetitive tasks.(Stephen P. Robbins & Mary Coulter: 2003, 29).

Then, the most important point, pre-twentieth-century influence on management was the Industrial Revolution. Starting in the eighteen century in Great Britain, the revolution had crossed the Atlantic to America by the end of Civil War. The major contribution of the Industrial Revolution was the substitution of machine power for human power, which in turn made it more economical to manufacture goods in factories rather than at home.

Frederick W. Taylor and Lilian Gilbreth made the important contributions to scientific management theory. Taylor did most of his work at the Midvale and Bethlehem Steel Companies in Pennsylvania. Taylor's experiences at Midvale led him to define clear guidelines for improving production efficiency. He argued that the principles of management would result in prosperity for both workers and managers.

Frank and his wife Lilian, a psychologist, studied work to eliminate wasteful hand and body motions. The Gilbreths also experimented with the design and use of the proper tools and equipment for optimizing work performance. They

invented a device called a micrometer that recorded a worker's motion and the amount of time spent doing each motion.

2.4.3. Conventional Management Function

The organization exists to achieve some particular purpose and the means for achievement. There are four important functions in management, planning, controlling, leading and controlling. (Stephen P. Robbins & Mary Coulter: 2003, 8).

These functions are very similar to the Islamic management functions.

1. Planning

The *planning* function involves the process of defining goals, establishing strategies for achieving those goals, and developing plans to integrate and coordinate.

2. Organizing

Managers are also responsible for arranging work to accomplish the organization's goals, this function known as organizing. It involved the process of determining what tasks are to be done, who is to do them, how the tasks are to be grouped, who report to whom and where decisions are to be made.

3. Leading

Every organization includes people, management's job is to work with and through people to accomplish the organization's goals. We call this function as leading. When managers motivate subordinates, influence individuals or teams

as they work, select the most effective communication channel, or deal in any way with employee behavior issues, they are leading.

4. Controlling

The final management function managers perform is controlling. After goals are set and the plans formulated (planning), the structural arrangements determined (organizing), and the people hired, trained and motivated (leading) there has to be some evaluation of whether things are going as planned. To ensure that work going as it should, managers must monitor and evaluate performance. (Stephen P. Robbins & Mary Coulter: 2003, 8)

2.5 Summary

Management is one of the oldest human's civilization achievements. It was existed at the same time with the existence of human civilization. Place, time and situations related with the management that done by humans.

Management is the most important activities in human lifestyle; this is because of human's incapability to prepare all the needs without efficient management. Therefore, with management some of the people can overcome surroundings changes. So that all work can be doing efficiently and smoothly and the objectives will be achieve as stated.

A lot of study and investigation was doing on management that was creating many theories. Some of the theories that come from investigation are production income theory, human resources and efficiency. These situations give positive effect to the human's development.

*CHAPTER
THREE*



CHAPTER 3: CORPORATE MANAGEMENT

3.1 Introduction to Corporate Management

Business and management world nowadays had changed rapidly. Corporate is once basis that did not get much attention but recently it started being debated around the world.

Rapid growth, globally and more complexity these days demands all management level to make an integrated and more systematic approach. Renewal and strategic approach in the management indirectly leads to stress in corporate organization.

However, corporate organization abilities adapting to changes is not easy. This is because it needs a unique management visions with preparation of precise expectations of contingency changes that can happen unexpectedly. Therefore, corporate management also knew as strategic management, need viewing and work consistency.

3.2 Concept of Organization

World nowadays full with organizations from all sizes and have their own aims and visions. Starting from government to business except social services, football club and associations existed with their own functions and methods.

Generally, it is consider an organization when a group of peoples assemble, whether spontaneous or with reasons to satisfy themselves. Therefore, humans understanding about organization can be divided to 2, which are formal and informal organization. (Ramli Hj.Khamis: 1992, 20)

Informal organization exists when groups of people assemble to achieve objectives spontaneously. Example, a club or associations in a village, feasts organization and others. Informal organization motivate indirectly to formal organization.

Meanwhile, formal organization is an organization that has an organize structure and system. Authority and hierarchy created can be seen clearly, it can exist whether in a form of centralized or decentralized.

3.3 Corporate Organization

At early stages, corporate organizations can be seen in government administrations in a form of departments and agencies. After that, the development can be seen rapidly in private sectors in Malaysia, when government introduces privatization in 1983. It plays a big role and dominant in current life.

More over, current issues that give positive effects to organization growth had leads to existence of two corporate sectors, (whether privates or government agencies), (Mohd Ali Hj. Hashim: 1996), which are profits based on organization and non-profit organization. (Patrick J. Bukhart: 1993) Both type of organization existed suddenly, starting in 18th centuries.

The rapid growth of economy market due to industrial revolution in England leads to demand of daily goods and services. The situation had profited organization. Nevertheless, at the same time society need educations, health and security had become obvious. It attracts government attention, welfare groups and organizations to contribute.

3.4 Culture Creation by Corporate Organization. (Mohd Ali Hj. Hashim: 1996)

The highest level of ethics and good values held by country's corporate sectors then the highest the level of nations culture created. Otherwise, if country corporate sectors leads by managers and organization leaders whose are greedy,