GUEST EDITORIAL

Practical wisdom for management from the Islamic tradition

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Abstract

Purpose – The purpose of this paper is to provide an overview of the special issue on practical wisdom for management from the Islamic traditions.

Design/methodology/approach – The guest editorial introduces the papers in this special issue, focusing on practical wisdom for management from the Islamic tradition.

Findings – Using multiple levels of analysis as well as both academic and practitioner-oriented perspectives, this special issue demonstrates that the Islamic tradition offers valuable practical wisdom insights in multiple areas including leadership, human resource management, action learning, knowledge transfer and business ethics.

Originality/value – This issue represents the first exploratory contribution to the research on practical wisdom from the Islamic tradition, opening a new focus of research and contributing to management development.

Keywords Islam, Leadership, Management, Management theory, Practical wisdom

Paper type General review

The authors want to express their thanks and gratitude to a number of individuals without whom this issue would not be possible. With respect to the authors gathered in this special issue, the author wish to thank them for their commitment and patience through the editorial process. The authors also thank the panel of anonymous peer reviewers for their suggestions for the improvement of the papers, and we are also indebted to all those who attended the conference and made this special issue possible in one way or another. A special thanks is extended to Mr Antonio Scarafino, who was the first editorial assistant of this special issue, as well as to the editors and editorial assistants at JMD who worked with the authors on this project applying their own practical wisdom and patience. Finally, the authors must thank Al-Akhawayn University and its administration for kindly and generously hosting the “Practical Wisdom for Management from the Islamic Tradition” Conference in November 2011.
Introduction
The current global financial and economic crisis is leading many to question the fundamentals of management and management education. Business schools have been criticized for the way they train managers and leaders. Some opinion leaders have gone so far as to blame business schools for the current economic and financial crisis (Ghoshal, 2005). They contend that business schools emphasize profit maximization at the expense of value-maximization for multiple and diverse stakeholders. While the current financial predicament was probably caused by this myopic and shortsighted focus on stockholders, it could also have resulted from poor decision making, greed, corruption, a lack of oversight as well as a total disregard for accountability.

To counter this tide of rash managerial behavior, mainstream organizational theories widely taught in business schools have typically focussed on governance rules, institutional frameworks and financial incentives like bonus systems to effectively regulate managerial behavior. Regular controls and sound governance structures, however, are only one component of good governance; they serve as an institutional safeguard against falling below minimum ethical standards, but they cannot by themselves pre-empt ethical lapses of the scale we have witnessed. Indeed, imposing more rules, penalties and regulations also comes at a cost as it increases transaction costs and induces sanction-abiding behavior. Simultaneously, focussing primarily on incentives for business persons to do what is good has also created unintended consequences because it enhances their self-interest instead of a common good orientation (Frey, 1994; Frey and Jegen, 2001; Schwarz and Sharpe, 2011). As a result, business constituents including business schools are increasingly interested in spirituality, religion and the practice of virtues in the workplace.

In light of the failures described above, the education mill has responded. Currently, international accreditation agencies such as EFMD, AACSB, AMBA and NEASC are reviewing their standards to include concepts such as ethics, sustainability, integrity and corporate social responsibility. Business schools too have responded by adding courses in ethics, sustainability and corporate social responsibility to their curriculum in an attempt to address these issues. However, those developments do face obvious limits; courses exclusively dedicated to ethics may detach moral thinking from the core of other business courses. Therefore, stand-alone courses in business ethics may not make business students become more ethical. Ethical concepts have to become integrated within the constitutive tissue of every business course.

An alternative approach to address the shortcomings of current business education is the renewed emphasis on spirituality and religion. The workplace is not solely an engineering arena, and people do not switch off the spiritual values and virtues they abide by when they go to work. In their book, A Spiritual Audit of Corporate America: A Hard Look at Spirituality, Religion and Values in the Workplace, Mitroff and Denton (1999) have found that employees who are more spiritual behave more ethically. Where external control mechanisms such as rules and extrinsic motivators such as financial incentives have failed, a focus on remoralizing the workplace via a return to virtue and religion is now getting traction. This new direction coupled with an emphasis on practical wisdom, i.e. a basic understanding of what is right under the appropriate circumstances, may provide a potential answer to our past economic and financial ills.
In the series of *JMD* special issues, then, we shed light on different religious and spiritual traditions as the cultural basis for practical wisdom in management. In the context of this special issue we aim to explore the value of practical wisdom in management from the Islamic tradition.

**Practical wisdom in the Islamic tradition**

As of 2010, Islam had over 1.6 billion adherents representing 23.4 percent of the world’s population (Pew Research Center’s Forum on Religion & Public Life, 2011), and was growing faster than any other faith-based community. In his path breaking study *God is not one*, Stephen Prothero (2010) starts his survey through important religions of today with Islam. Almost every country’s workers in the world include large proportions of Muslims who are guided at work by their religious beliefs. Indeed, the Islamic tradition has a lot to offer in terms of guidance for management practices especially because in Islam every type of halal (permissible) work has a moral dimension, and is considered a form of worship (ibada). Accordingly, divine injunctions about moral business conduct abound in Holy Qur’an, such as:

> Give full measure when you measure, and weigh with a balance that is straight: that is the most fitting and the most advantageous in the final determination (17.5).

Many narrated traditions from the Prophet Muhammad’s life also relate business since both he (p) and his wife Khadija (ra) were successful businesspersons prior to his receiving divine revelation. Overall, then the Islamic tradition, as encapsulated in the Shari’ah, has much to say about the moral conduct of business.

While Shari’ah law is based on two primary sources, the Qur’an and the Sunnah (examples set by Prophet Mohammed (SAW)), it is important to note that two other widely accepted sources are consensus of scholars (Ijmaa’) and analogy (Qiyaas). Beekun and Badawi (2005, p. 133) indicate that these sources are themselves deducted from the Qur’an and Hadith, and state that “[a]nalogy (or analogical deduction), by definition, means the derivation of a ruling concerning a new situation or problem based on analogy with a similar situation dealt with in the Qur’an and/or Hadith.” As we shall see, Islam uses these four sources of ethics in the shari’ah to encourage practical wisdom in one’s daily life including the practice of business.

To discuss practical wisdom in Islam, one must first focus on the word hikmah. One possible definition of hikmah which correlates highly with Aristotle’s definition of practical wisdom in *Nicomachean Ethics* and is cited by Beekun in this special issue is given by Burhan (2012) as “a total insight and having sound judgment concerning a matter or situation through understanding cause and effect phenomena.” Burhan (2012) also provides a practical definition of hikmah as “doing what is required in the right manner, at the right time, and in the right place.” In fact, Hikmah is referred to in multiple places in the Qur’an, but one verse from Surah Baqara (2:129) is specially relevant here. It is included within Abraham’s (p) supplication to God to send down Prophet Muhammad (p) in the future:

> Our Lord, make a messenger of their own rise up from among them, to recite Your revelations to them, teach them the Scripture and wisdom (hikmah), and purify them. You are the Mighty, the Wise.

Commenting upon this verse, Ibn Kathir in his *Tafsir* noted that there is consensus among the leading companions of the Prophet (s) and Islamic scholars that hikmah in this verse means the Sunnah of the Prophet (s). Another agreed upon
interpretation of *hikmah* is that it means “comprehension in the religion.” While the basic pillars of Islam (profession of faith, the five daily prayers, fasting, poor due and pilgrimage) are considered obligatory for all Muslims, the Islamic tradition itself exhibits some measure of *hikmah* in the implementation of most of these pillars. For example, a person who is traveling can combine or delay his prayers. Muslims are not supposed to give the poor due unless they have provided for their basic needs (and have a small buffer or *nisab* above that). Fasting can be postponed and made up at a later time if one is working in very harsh and intemperate conditions. The pilgrimage is not required of those who cannot afford it. The use of practical wisdom in the practice of Islam is affirmed by God when he states in the Qur’an (2:286):

> On no soul does God place a burden greater than it can bear.

Given the implied pragmatism and flexibility in the above verse and the fact that the Qur’an itself as the Word of God associates the practices of Muhammad (p) with *hikmah*, one famous example from his life can illustrate his use of practical wisdom. This incident exemplifies both skillful leadership and strategy, and took place when he negotiated the Treaty of Hudaybiya. At the time, the Muslims who were still a minority in Arabia were heading with the Prophet (p) toward Makkah to perform pilgrimage. They were very eager since they had been prohibited from performing pilgrimage for six years by the Quraish, the leading merchant tribe in Arabia which had the precarious position of guardian of the Ka’bah[3]. The Muslims were armed minimally and were in *ihram*, a state of consecration. Though they were bound – as guardians – to allow anybody who wanted to come for pilgrimage into Makkah to enter that city, the Quraish absolutely refused. Several delegations went back and forth to try to negotiate safe passage, but to no avail. The Companions of the Prophet as well as others who had joined the journey to Makkah were getting increasingly upset, but the Prophet himself kept his calm and patience until one final delegation came from the Quraish. As discussed in Beekun’s paper in this special issue, the Prophet (p) also was extremely amenable and humble during the negotiations that ensued. A peace treaty was eventually negotiated where all of the Quraish demands were met without any counterproposals from Muhammad (p). The most controversial elements of this treaty were that any Muslim refugee from Makkah would be returned back to the Makkans whereas any refugee from Muhammad’s camp to Makkah would not, and that the whole convoy of Muslim pilgrims that year would turn around and go back where they came from, but that they could come back the next year. The Muslims were perplexed as to why the Prophet (p) had agreed to such “unfavorable” conditions. Nevertheless, a practical wisdom analysis of some of the prevailing conditions surrounding the treaty explains why it was the most appropriate decision under those circumstances:

1. The Quraish far outnumbered the Muslims who were relatively unarmed, and who were in a state of consecration.
2. The Muslims were encamped very close to Makkah and far from their stronghold of Madinah. Logistically, it would have been difficult for them to receive human assistance in case of trouble.
3. Had the Muslims decided to go into battle with the Quraish, they might have had to fight with some of the secret Muslim converts among the Quraish.
The Treaty of Hudaybiya allowed the Muslims to spread the word of Islam to anybody who would listen without any harassment from the Quraish for the next ten years. Before that, many in Arabia, fearful of the Quraish, shunned the Muslims.

The Muslims were henceforth able to enter into alliance with anybody who would agree to.

The decision to engage in peaceful negotiations with an avowed enemy when the Muslims were within sight of Makkah was a hard one but it was the most practically wise under the conditions we have outlined above. Leaders have to know when they need to stand firm and when they need to adopt a softer attitude. The decision of Muhammad under very difficult circumstances is an exemplar of practical wisdom. Within ten years of the treaty, Islam had flourished within the whole of Arabia, and the Muslims could understand why the Treaty of Hudaybiya was in fact a major stepping stone for them.

Another example of practical wisdom in Islam is its assessment of the validity of each business transaction, and its rejection of the concept of *caveat emptor*. The following Hadith (saying) of the Prophet (p) was reported by Anas Ibn Malik:

> Allah's Messenger (peace be upon him) forbade the sale of fruits till they are almost ripe. Anas was asked what is meant by “are almost ripe.” He replied, “Till they become red.” Allah's Messenger (peace be upon him) further said, “If God spoiled the fruits, what right would one have to take the money of one's brother (i.e. other people)?”

As indicated by Beekun (1997), the Islamic ethical system is against the idea of buyers bearing the full responsibility for what they purchase. If a seller knowingly sells a product that contains a defect, Islamic courts using the Hanafis’ interpretation of Islamic law and basing themselves on the four sources of ethics mentioned above consider the sale as null and void:

If the vendor sells property as possessing a certain desirable quality and such property proves to be devoid of such quality, the purchaser has the option of either canceling the sale, or of accepting the thing sold for the whole of the fixed price. This is called option for misdescription.

The next example of practical wisdom based on the Islamic tradition has to do with environmental pollution. Many corporations (and countries) have been rather cavalier in the manner that they dispose of their waste products. They get rid of it into the sea, rivers, land-based dumps that leak and even into the atmosphere. The result has been catastrophic. Water pollution has made it near impossible for marine life to survive. CFCs have caused damage to the Ozone layer, and air pollution can lead to asthma, allergies, etc. Opposing ecological destruction, Islam has, from the beginning, emphasized man’s responsibility over the natural environment by placing man in the role of *khalifah* or vicegerent on earth (Qur’an, 2:30-31). Taking this divinely ascribed role into account, Islamic courts have in the past ordered a polluting Muslim to clean up after himself or to remove the source of the pollutant:

If any person constructs a cesspit or a sewer near a well of water belonging to some other person, and contaminates the water thereof, he may be made to remove the injury. If it is impossible to remove the injury, he may be made to close up the cesspit or sewer. Again, if any person constructs a sewer near to a water channel, and the dirty water from such sewer flows into the channel and causes great injury thereto, and no other way can be found to remove such injury than by closing it, the sewer shall be closed.
Another example of practical wisdom deals with a currently controversial topic in some European countries, the issue of halal (lawful) food, and relates to the paper by Ishmaeel and Blaim in this special issue. Eating what is lawful is a divine injunction in Islam (Qur’an, 2:172). However, in many parts of the worlds, halal meat may not be immediately available. In that case, the Qur’an allows Muslims to eat the meat of the People of the Book (Christians and Jews) except Pork. Although Muslims are explicitly forbidden to eat pork (Qur’an, 5:3), they are allowed to eat the barest minimum to survive if they face a situation where they have to choose between starving to death or eating a prohibited meat, i.e. pork. In this context, an example of the practical wisdom or hikmah of the Prophet (p) himself with respect to halal consumption is displayed in the following Hadith narrated by Aisha (ra) and reported in Sahih Bukhari, volume 7.415:

A group of people said to the Prophet, “Some people bring us meat and we do not know whether they have mentioned Allah’s Name or not on slaughtering the animal.” He said, “Mention Allah’s Name on it and eat.” Those people had embraced Islam recently.

The Islamic tradition displays practical wisdom not only with respect to consumption and demand but also with respect to the supply of goods. Just as monopsonies are discouraged, monopolizing or hoarding products to manipulate prices is forbidden (Ibn Taymiya, 1992). Although Islam is for a free market system and a lack of interference in the pricing structure of goods, this only applies when suppliers or buyers (e.g. via a monopsony) are not manipulating prices. Thus, in the case where the general populus is in dire need of foodstuffs, the Muhtasib (ethics officer in an Islamic state) may interfere in the market and compel the monopolists or hoarders to sell at a fair market value.

Finally, the Islamic tradition demonstrates practical wisdom not only with respect to the economic sphere but also the financial dimension of a Muslim’s life. Through the guidance from the sources of ethical business conduct from the Shari’ah coupled with a sound dose of practical wisdom, the Islamic financial industry, for example, has been able to withstand the global financial crisis that started in 2007, and thrived while larger, secular century old financial institutions were experiencing bankruptcies and/or facing takeovers. Shari’ah compliant financial assets offered by the Islamic Financial Services Industry (IFSI) have proven to be more able to withstand the crisis because they were less focussed on short-term financial incentives and more focussed on balance, ethicality and sustainability. This has led several financial analysts to seek to better understand the underpinnings of Islamic finance in order to solve the problems in secular banking systems.

Across all the examples we have cited above, it is important to remember that the Islamic emphasis on practical wisdom is anchored in the very first word of the first divine revelation (Qur’an, 96:1) to Muhammad (p): “Read!” This injunction from the Almighty is a direct order not only to the Prophet but also to all Muslims across time and space to seek and acquire knowledge. Most importantly, it implicitly correlates with acting out of knowledge – as suggested by the next verses (Qur’an, 96:3-5):

Read! And your Lord is the Most Generous.

Who has taught by the pen.

He has taught man that which he knew not.
In his commentary on these three verses, Ibn Kathir mentions a saying: “Whoever acts according to what he knows, God will make him inherit knowledge that he did not know.” In other words, a Muslim’s actions are more likely to please God when he acts out of knowledge and uses *hikmah* (practical wisdom as defined earlier). This is confirmed in the following Hadith of the Prophet (p) narrated by Abu Umamah in *Tirmidhi* 422:

The Prophet (p) said: A learned person is as much above a worshipper as I am above the least of you. He added: God, His angels and all those in Heavens and on Earth, even the ants in their hills and the fish in the water, call down blessings on those who instruct people in beneficial knowledge.

For knowledge (‘ilm) to be “beneficial,” one must be able to put it into practice (*hikmah*) (Safi, 1995). Thus, God in encouraging Muslims to seek knowledge from his very first Revealed verses to Muhammad (p) also encourages Muslims to learn and practice *Hikmah* (Qur’an, 2:129) – something they seem to have done as illustrated by the papers in this special issue.

**Presentation of the papers**

The collection of papers and articles in this issue presents several key management issues in light of Islamic thought and practices. Our goal to explore the value of practical wisdom in management from Islamic traditions can be summarized in the following question: what can Islamic beliefs and traditions offer to management practice in general and to management education in particular?

The papers published here intend to answer that question and represent a small sample of the contributions presented during the conference Practical Wisdom for Management from the Islamic Tradition hosted by the Al Akhawayn University of Ifrane – Morocco, in November 17-18, 2011.

This special issue includes six academic contributions and one practitioner paper. The academic contributions are grouped according the level of analysis they use. Starting with a paper addressing the discussion from a micro-level or individual level:

- Rafik I. Beekun (University of Nevada), “Character centered leadership: Muhammad (p) as an ethical role model for CEOs.”

A second group of papers concentrate its analysis on the meso-level or organizational level:

- Muhammad Burdhar Kahn (Al Akhawayn University) and Naeem Nisar Sheikh (Al Akhawayn University), “Human resource development, motivation and Islam.”
- Abderrahman Hassi (Al Akhawayn University), “Islamic perspectives on training and professional development.”
- Rodrigue Fontaine (International Islamic University Malaysia), Gapur Oziev (International Islamic University Malaysia) and Hussein Hassan-Hussein (Taylor’s University), “Evaluating Chris Argyris’s ideas: an Islamic perspective.”

A third group of papers tackle the topic from a macro-level or systemic level:

- Ouarda Dsouli (Northampton Business School), Nadeem Khan (Northampton Business School) and Nada K. Kakabadse (Northampton Business School),
“Spiritual capital: the co-evolution of an ethical framework based on Abrahamic religious values in the Islamic tradition.”

- Ali Aslan Gümüşay (Saïd Business School), “Boundaries and knowledge in a Sufi Dihkr Circle.”

Finally a practitioner contribution closes this special issue:

- Muatasim Ismaeel (University of Kuala Lumpur) and Katharina Blaim (Catholic University of Eichstätt-Ingolstadt), “Toward applied Islamic business ethics: responsible Halal business.”

Conclusions
The contributions of our special issue do cover a wide variety of topics and unite authors from very different contexts of the Islamic world, including Sufism. However, the explorative nature of this attempt is of course quite obvious. From the perspective of the editors, this is at the same time a limitation and a strength. Limitations result from the simple fact, that from a methodological point of view some basic questions still have to be discussed; these include the relationship between the origins of religious wisdom traditions in a relatively simple socio-economic context and their adaptability toward the modern globalized economy of the twenty-first century. The current special issue marks only a first step in an ongoing research program, which in this sense addresses the richness of the Islamic culture and analyses its business impact in a complex modern environment. It is here, however, where also the strength of the present attempt lies: in its obvious relevance for a global business universe which is not only searching for economic success but for meaning; which is not only supposed to include tiny academic elites but decision makers on all levels; and which is called to contribute to the cultural civilization of business practice in all parts of the world even including the developing ones. The editors hope that they have contributed to the development of a research program which addresses practical wisdom in today’s management from the Islam perspective more systematically, and which also sheds light into some of the theoretical and practical puzzles still attributed to it.

Notes
1. Interpretation of the meaning of the Qur’an.
2. *Sunnah* means the “way”, “practice” or “example”. In general, it is the way of life of Muhammad (p) that Muslims are to use as a model based upon his teachings and practices.
3. The Ka’bah is the house of worship built by Abraham (p) and Ishmael (p) by divine injunction and located in Makkah.
5. *Al-Majalla* (The Ottoman Courts Manual (Hanafi)), Section II. Option for Misdescription, 310.

References


Further reading


About the authors

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