

The Importance and Challenges Of The Islamic Management in Organizational Practice

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ABSTRACT

For Muslims, Islamic management is an important part of organizational practice. This article aims to identify the importance of involvement of Islamic management and to reveal students' thought about Islamic management. This study uses a qualitative approach because the researcher wants to obtain deeper answers of each participant. In addition, a semi-structural interview was also conducted by the researcher in order to gather information about the participants' opinion on Islamic values in organizational practice. The research findings show that Islamic management is impactful in the existence of halal market. However, there some participants who argued that the fact of general management is relatively easier to implement is already a challenge for students to learn Islamic management despite its importance in the organization itself. The expansion of Islamic management knowledge and understanding for students can overcome, there are challenges discussed previously. By looking at findings, it needs the real practical implications and use large scale for further researcher so that they can get more varied data.

Keywords: Islamic Management, General Management, Organizational Practice, Halal Market

INTRODUCTION

Organizations play a role in distorting the distribution of values towards social inequality where the distribution of values will benefit executives and shareholders against the government, employees and society. (Bauji, Husted, Lu, & Mir, 2018). This organizational achievement is achieved through financialization that excludes a larger workforce from the process of generating income and setting compensation, as well as the adoption of a market orientation for designing wage and employment practices (Cobb, 2016; Lin & Tomaskovic-Devey, 2013). With institutional work, organizations can create the necessary conditions for an unequal distribution of values. They also argue that some organizations with large numbers of employees seek to reduce pay differentials and improve working conditions by limiting economic inequalities in society (Cobb & Stevens, 2017; Davis & Cobb, 2010). Furthermore, the organization continues to make

conscious efforts to address issues related to equality. Increasing wages and working conditions for women and ethnic minorities is an example of demographic equality.

On the other hand, Islamic management includes activities of thinking, planning, organizing, leading and controlling, interconnected with decisions, which involve the use of resources such as human, financial, time, information and physical with the aim of achieving the goals of Maqashid al-Shariah. (Othman, 2010). The purpose of Maqasid al-Syariah is to maintain and protect religion (Ad-Dien), physical existence (Al Jasad), soul and mind/reason (An-Nasab/Al-Muruuah) and property/resources (Al-Maal). In the Islamic context of management, organizational goals must follow the goals of Islamic Sharia where these goals will later lead humans to success in this world and the hereafter.

Socio-economic inequality involves an unequal distribution of financial and non-financial resources. Organizational practices can contribute to all of these dimensions in a variety of ways. This effect can affect directly (for example, through employment and salary distribution). Organizational practices can also affect inequality indirectly (for example, tax

avoidance for regulations that benefit companies and do not benefit society). On the other hand, Islamic management also has a positive impact on organizational practices (for example the existence of a halal market that makes it easier for Muslims).

The various ways in which organizational actions and practices contribute to economic

inequality in society require special empirical theory and examination. However, the existence of Islamic management is also one way in the organizational practice process. Islamic management is not just a method but also one of the important guidelines for Muslims in running the economy although in this day

This study was conducted to identify the importance of the involvement of Islamic management in organizational practice. This study can provide reference material for researchers and readers to formulate strategies that maximize Islamic

Research Questions

1. How important is Islamic management in organization?
2. What do students think about any challenges that may arise from Islamic management nowadays?

LITERATURE REVIEW

Theoretical Framework

2.1 Islamic Management

Islamic management is a process consisting of actions taken to achieve set goals through the use of human resources and other resources. (Mulyono, 2016). According to Kazmi (2005), Islamic management is from the perspective of knowledge related to management obtained from sources of Islamic knowledge that results in applications that conform to Islamic beliefs and practices. Principles are the basis of ideas to the implementation of actions. In the Islamic context, principles serve as the basis for the conduct of management or management activities to achieve goals set by an organization. Islamic management is a specific approach to Islamic principles that guide managers in running an organization (Mohamed, Nur Afifah, & Abdul Kadir, 2014). Islamic State principles include Al-Ubudiyah, Al-Shura, Al-Furiyah, Al-Musawah, and Al-Adala.

2.2 Organizational Practice

a. Halal Markets

There are certain factors that drive the rapid growth of the global halal industry. The purchasing power of Muslims as well as consumers around the world is also growing with the GDP growth of each country. Exports are also a major contributor to a country's GDP. The halal industry export ecosystem consists of four components, namely continuous inventory, advanced processing, world-class Halal certification

there are competitions and challenges that exist to practice Islamic management in everyday life. Previous studies have discussed the Importance of the Role of Management in an Organization. This study will try to find out the Importance and Challenges of Islamic Management in Organizational Practice.

management in organizational practice. This research was conducted to describe (a) The significance of Islamic management in organizational practices, (b) Student opinion on the challenges faced by Islamic management.

and accreditation, and finance that provides funding for SMEs.

According to Ibrahim, Maulana (2017), emergence of halal markets and actors is also one of the factors driving the growth of the global halal industry. Consumers are aware of the importance of halal, not only in consuming food, but also the ethical values contained, thereby further expanding the potential of the halal economy and creating a strong presence in developed countries. Halal markets become the most promising and fast-growing business in Asia, the Middle East, Europe, and America. With a growing consumer base, as well as increasing growth in many countries, this industry will become a competitive force in world international trade.

For the halal sector to maintain control over the efficiency of the halal supply chain, which is more complex than conventional logistics operations, the integrity of the entire halal supply chain is a crucial component. Different tastes, packaging, distribution, and certifications are needed for some Muslim markets around the world. Thus, it becomes more profitable to include Islamic religious requirements into every part of the production chain of this halal ecosystem.

b. Islamic Management in Productivity and Quality

Ibrahim, Maulana (2017) explain that good intentions foster a desire in the heart to complete the work because the work is a mandate given by God to him. While sincerity is the process of doing work by seeing that the work is worship that is only intended for Allah SWT. With strong intentions and sincerity at work, in any organization people will have good productivity and quality of work.

Dotlich, Cair, and Amineshith in Mansur (2012) explain that in relation to development and change there are three main things that leaders must possess, namely; 1) the ability to think logically (head), 2) the ability to feel and act wisely (heart), and

3) courage (guts). Leaders employ their intellectual and imaginative skills, such as the capacity to determine a vision, goals, and tactics, to think logically. While leaders utilize bravery to act, make changes, and uphold ideals, the ability to feel and behave wisely is used to understand, advise, and inspire. Thus, good intentions and sincerity then grow courage, and the ability to feel and act wisely. These things then make a worker have a high spirit, which in turn increases productivity and good work quality.

c. Open Communication on Every Network.

Ibrahim, Maulana (2017) said that the values of good intentions, sincerity, and good deeds as one of the values that underlie Islamic management will be seen from the communication that occurs in the implementing organization. How open communication occurs in an organization shows the “thick” and “thin” barriers that occur in the

d. Islamic Management Risk

According to Fiennes (2007), Islamic banks have characteristics similar to conventional banks, such as market risk, investment risk, and business risks. Sundararajan and Errico’s (2002) findings confirm the high riskiness of Islamic banking products and services. The risks also borne by Islamic banks are similar to conventional banks in nature due to the meticulous arrangement of their financial statements, despite the fact that they follow different principles. Romdhan, Ahmad and Toha, Mashuri (2021) in their research showed that the level of knowledge of people about Islamic banks was not good. Most of the people do not know and often have difficulty in distinguishing between Islamic banks and conventional banks.

Empirical Framework

RESEARCH METHODS

Research Design

The study’s discussion of the issue is examined using a qualitative case study methodology. In order to comprehend and analyze the perspectives of the participants, this research was undertaken by analyzing and interpreting the data. Consequently, it is anticipated that applying qualitative methodologies will result in an understanding and phenomena regarding the Importance and Challenges of Islamic Management in Organizational Practices.

Participants

The participants in this case study are (a) Students from several campuses in Indonesia, such as Universitas Muhammadiyah Yogyakarta, Universitas

organization. A work pattern based on good intentions, a high sense of sincerity, and a desire to do good deeds will be able to overcome obstacles in communication that occur in the organization. With open communication that occurs, synergies between sections and between levels within the organization are more likely to occur. This condition will often be the advantage of the organization. Good intentions will encourage someone to do more effectively in achieving goals. This is because the process of achieving goals is no longer followed by other hidden desires. On the other hand, one of the important impacts of a high sense of sincerity is the feeling that other people are not competitors. With this feeling, the communication pattern will be far from worrying. While pious charity will encourage someone to always do with high benefits for others and the environment. Beliefs from the growth of values like this will encourage someone to have open communication.

There is a case study that discusses the Importance of the Islamic principles in organizational Practice. This study analyzes organizational practice based on the implementation of Islamic management practices (Talaat, N. et al. 2016). This study describes that Islamic management practices is very important and help individuals become successful people. The people who participated in that study were Malaysians with the findings that MYDIN management implemented Islamic management practices in their business. That research also uses qualitative and literature methods.

Bapuji, H. et al. (2020) also conducted the same case study. However, this case study examines organizational practices in economy inequality, this study shows that organizational is needed and have a main role in social tur

Sriwijaya, and Universitas Negeri Yogyakarta, (b)19-21 years old, and (c) They had Islamic organization.

Instruments

The researcher will select semi-structured interviews for each participant in order to help the development of the data. The Importance and Challenges of Islamic Management in Organizational Practice will be discussed, and participants will be invited for their thoughts.

Procedures

The researcher made contact with a number of individuals from various Indonesian campuses. The researcher would next explain the study’s objectives,

methodology, and the allotted interview time. The interview would run between five and ten minutes and be conducted in either English or Indonesian. If participants opt to speak Indonesian, the researcher will translate based on the interview's findings. The data gathered during the interview was then completed by the researcher after analyzing the document.

Data Analysis

Each kind of qualitative research, according to Mary de Chesnay, requires a unique approach to data processing. In qualitative research, there are three types of data analysis: descriptive, classification or comparison, and associative or constructive. This study examines the significance and challenges of Islamic management in organizational practices using a descriptive analytical level of data analysis.

Findings

4.1 Student Response the Importance of the Islamic Management in Organizational Practices

Based on interviews, participants stated that management is very important in the organization. Students stated that general management and Islamic management are equally important for humans. According to the students, although both are the same, there are some differences. They also think that Islamic management is very important, especially for Muslims, such as the existence of a halal market.

"...because like you say halal food it's very important to, as a Muslim we must eat halal food and halal market is one of those thing a safe place to consume food without fearing for your life..."
(Participant I)

"...that is the rule of organization managing organization, Islamic organization is very important in this. Because they managing the market..."
(Participant I)

"In my opinion management in an organization is important where Islam is a religion that teaches us about leadership, how to manage our time or discipline. That's why Islamic management is very important especially when in a Muslim country like by implementing Islamic management, we can practice it in daily life such as the existence of a halal market."
(Participant II)

"I think management and Islamic management is important. I mean general management and Islamic management. Both of them is important in organization because they have a role in regulating the organization. Organizations that are regulated

will later have a good impact as well organized."
(Participant III)

4.2 Student Opinion Regarding the Risk that Arise from Islamic Management

It cannot be denied that the importance of Islamic management in organizations is something to consider. The importance of Islamic management becomes an opportunity for people to learn more about it. However, in the learning process there will certainly be risks or challenges that arise in it. Participants believed that the challenge arose from general management. The existence of general management makes people learn more about it because many people have practiced it. The participants also thought that people were still confused about the differences between general management and Islamic management.

"...you don't know the existence of difference and that's an issue. Because we know not binding to the rule that was supposed to do. We don't know we have to find it ourselves but even then we have find the idea that will be different. But not many people know that is different. They would think is always the same like it it just management, it is just organization, there is no difference. But there is a difference..."
(Participant I)

"I think there are challenges in the Islamic Management. Apart from Islamic Management, there is basic or general management. Many people think that implementing and applying basic management is enough. Because we know that basic management is general management and many people use it. It is one of the reasons why basic management is widely applied by people. Maybe some people also think that Islamic management is a bit difficult and rarely encountered or studied by many people. This is one of the challenges for Islamic management."
(Participant II)

"The existence of general management raises its own challenges for Islamic management. General management which is better known by people and applied by many people makes people reluctant to study Islamic management. Some people may feel that Islamic management does not need to be studied because general management already exists."
(Participant III)

4.3 Student Advice on How to Expand Islamic Management

Islamic management is something important. The existence of challenges is one of the obstacles in

learning and applying them. For this reason, a way is needed to make Islamic management known to many people so that people will be interested and want to learn about it. Students argue that the expansion of Islamic management can be done through schools, seminars and events. Students also argue that the expansion of Islamic management requires figures who have been successful in carrying out their careers.

“...this thing people followed some an example. There is something big and people will copy and follow it. Well it happens in many places and as we know Muslim management, muslim organization know management and know it's mostly but if not know because people it use it. All what we need is someone who manage to do it, manage to successfully and lead by sample. Even we have seminar and

DISCUSSION

This study shows that students agree that management has an important role in organizational practice. They also say that general management and Islamic management are equally important but there are some differences. Islamic management is very important especially for Muslims. Students also argue that in Islamic management there are challenges to be faced. One of them is because of general management which makes people confused about the difference between the two and some people prefer to study general management compared to Islamic management. These challenges can be overcome by implementing them at schools and universities, holding seminars or events, and looking for figures who have been successful in their business so that they can serve as role models for the surrounding community.

The importance of management in the organization is very large. This can be seen from the opinions of several participants who expressed their opinions regarding the importance of general management and Islam. Although Talaat's research did not explain student responses regarding the importance of Islamic management in organizational practice, the importance and challenges of Islamic management in organizations were similar to those of the participants in this study. These findings confirm earlier study showing management is significant in businesses and plays a part in organizational behavior. (Bapuji, H. et al. 2020). This is also in line with Ibrahim, Maulana (2021) research where Islamic management are very important in organizational practice such as the existence of halal market. This article also has similar challenges of the Islamic management in the previous research (Fiennas. 2007) and (Toha, Mansuri. 2021).

talkshow. I would not interest unless who someone who succeeded it doing it and become known for it...”
(Participant I)

“Maybe a closer introduction can be held such as seminars and socialization regarding Islamic Management. These activities can be introduced both among schools, universities and the community so that they can be known by all circles of society.”
(Participant II)

“I think the expansion of Islamic management can be done like in schools and universities. Because it's the most marketable and important. Besides that, counseling in the community can also be a way to spread Islamic management.” (Participant II)

CONCLUSION

This research explains the Importance and Challenges of Islamic management in organizational practices. The students argue that Islamic management is very important for organizational practice, especially for Muslim countries. The results of the study concluded that students see their own challenges that arise from general management which can have an impact on Muslim management. Students believe that these challenges can be overcome in various ways, such as introducing Islamic management in schools and campuses, holding seminars, and looking for role models that can be emulated.

Answers come from several student perspectives from three different universities. This is founded on the idea that everyone is entitled to their own viewpoints and opinions. Because of this reason, this research merely offers a summary and a reference about the Importance and Challenges of the Islamic Management in Organization Practices.

I suggest employing a larger scale and more participants for future research since the outcomes will be more diverse because this study was conducted on a small scale. As a result of this research's use of qualitative data, there is less evidence of the enormous volume of data. Thus, further research can use quantitative data. Further research also need the practical implication for this case, so the Islamic management can be expansion and people will more know and understand about Islamic management.

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