

## An Investigation into Islamic Corporate Real Estate Sustainable Management (I-Cresm) Practices

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To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v11-i1/9019>

DOI:10.6007/IJARBSS/v11-i1/9019

**Published Date:** 29 January 2021

### Abstract

Shariah-compliant products are now widely accepted especially in the Islamic countries. Similarly, shariah-compliant services are increasingly gaining global market recognition albeit still inattentive in the management practice. Management practices, including real estate management practice, are more concerned with the sustainable movement. Sustainability is, in fact part of the Islamic principles in managing this earth. Therefore, a sustainable practice in management should embed Islamic principles and values in order to make it shariah compliant. Accordingly, this paper proposes to investigate the Islamic practice in corporate real estate sustainable management in order to identify the Islamic practices incorporated in sustainable management. The existing Islamic practices are identified through a comprehensive review of current academic literature. An exploratory study was conducted through face-to-face semi structured interviews with ten corporate real estate managers directly involved in managing green office buildings. Results indicate nine (9) principles of sustainable practice for CREM that include sustainable utilization of water, organizational management and good governance, human satisfaction, environmental protection, internal green management, waste management, energy management, innovation, and workspace management. This paper suggests further investigation to be

**Keywords:** Corporate Real Estate Sustainable Management, Islamic Principle

### Introduction

The demand for Islamic products and services keep increasing in the global market. It is proof of the world community's rising acceptance of Islamic principles in business trades. Islam teaches Muslims to be more ethical in their endeavors. Muslims derive their work ethics from

guidelines set out in the Qur'an (book revealed by Allah S.W.T) and the *sunnah* (the recorded sayings and behaviors of Prophet Muhammad *pbuh*). The goals preached by Islam are not primarily materialistic but more focused on a balanced life between material and spiritual wellbeing in accordance with Islamic principles. Unfortunately, corporations perceive Islamic management practices as unattractive and not trendy. Sustainability is the current trend adopted in management, where more businesses embed sustainable concerns in their management practices; real estate management practice included. In fact, sustainability is one of the tenets of Islamic management principles preached to Muslims since the beginning of the faith. Sustainability teachings are scattered in a plethora of verses in the Qur'an and *Sunnah*. These teachings stress on the roles and responsibilities of man as Khalifatullah (the vicegerent of Allah) on earth to care for and preserve the environment; and prohibit man to do mischief on earth.

### **Islamic Corporate Real Estate Sustainable Management Practices (I-CRESM)**

i-CRESM is a combination of corporate real estate sustainable management practices that embed triple bottom line sustainable principles of environmental, social and economic principles as mentioned by Ziemba, Ramian, & Kania (2015) and Fauzi, Zainuddin, Mohd Ali, & Nawawi (2016). Fauzi, Zainuddin, Johari, & Nawawi (2019) have identified Islamic management principles guidelines from Al-Qur'an and *Sunnah*. The practice of i-CRESM is founded on balance and continuous enhancement of man's material and non-material prosperities both here on earth and in the hereafter (Julia, Kassim, & Engku Ali, 2018). It involves renewable resources and ecological capabilities to support human life (Ahmad Sarkawi et al., 2016). It is crucial that i-CRESM parallels the corporate objectives (Fauzi et al., 2016). i-CRESM differs from conventional practice in that it adopts Islamic principles and is implemented in accordance with the *Shariah* principles and strained on moral values (Darus et al., 2013). Referring to Mhd Sarif, Ismail, & Azan (2017), there are three (3) dimensions of *shariah* including the straightness of a path (*istiqamat al-tariq*); the balance and justice (*al-'adl*) and directive destination (*al-i'timad*). This view is supported by Julia et al., (2018) who wrote that "*shariah* is life" which infers that life and *shariah* are complementary to each other.

Iyad Abumoghli (2016) has found several elements of Islamic practice for sustainable development that are suitable for adoption in i-CRESM practice. Several researchers support his views in various elements such as sustainable utilization of water including its efficient use and its conservation by Miswan@ Abdul Hakin, Abdul Hamid, & Adibah (2009); organizational management by Mohamad & Hussein (2018); and knowledge and education by Julia et al. (2018). Julia et al. (2018) together with Mohamad & Hussein (2018) also provided fruitful findings on environmental protection, waste generation (Julia et al., 2018), cultural and ethnic values, and responsibility towards the disabled and the poor (Julia et al., 2018). Not only that, Julia et al. (2018) also discovered several other elements that are more focused on human wellbeing notably employees, customers, and community. The latest edition on i-CRESM practice was found in Fauzi et al. (2019) that share eight (8) elements including sustainable utilization of water, organizational management and good governance, human satisfaction (employees, occupants, customers), environmental protection, waste generation, energy management, innovation, and workspace management.

### **Research Method**

The fundamental study imposed an exploratory research method approach where the collection of data was through face-to-face interviews with ten (10) managers of green CRE.

The green CREs selected are limited to the green office buildings that have obtained green building index (GBI) certification only. This is because the GBI certification is a Malaysian green certification exercise that takes into consideration the Malaysian climate. Details of selected participants and their years of experience are listed in Table 1. The semi-structured interview questions were designed in accordance with the Islamic principles found from previous research on i-CRESM. The researcher took liberty to add several other relevant questions during the interview sessions. New findings from interview sessions were recorded, highlighted and deeply explored during the sessions. Data gathered is then transcribed and analyzed through thematic analysis using atlas.ti and later presented in table form.

Table 1 Participant's Profile		
Participants	<i>Experience in Real Estate (years)</i>	<i>Experience in CRESM (years)</i>
P1	27	6
P2	32	5
P3	27	3
P4	30	3
P5	30	4
P6	22	3
P7	21	5
P8	15	5
P9	10	5
P10	10	6

### Findings and Conclusion

This study publishes nine (9) Islamic principles and several items of i-CRESM practices adopted and implemented by the management as stated in Table 2. It recommends conducting further investigation involving a larger number of participation in order to gather more data and to generalize the results.

Table 2 <i>Elements involved in i-CRESM Practice</i>	
Participants	
Sustainable Practices	
<b>Sustainable utilization of water</b> -Rain water harvesting -Recycle grey water -Automated irrigation -Water saving fitting -Green cleaning policy -Systematic control on water consumption -Metering and leak detection system	
<b>Organizational management and good governance</b> -In line with company vision and mission	

<ul style="list-style-type: none"> <li>-Top management concern on sustainability</li> <li>-Managed by qualified and experienced person</li> <li>-Managed by adequate team</li> <li>-Reporting direct to corporate top management</li> <li>-Good governance</li> <li>-Practising principles of Islam(<i>shariah</i> compliance)</li> </ul>	
<p><b>Human satisfaction (employees, occupants, customers)</b></p> <ul style="list-style-type: none"> <li>-Knowledge and education</li> <li>-Provide motivation and training for employees</li> <li>-Provide pleasant working environment</li> <li>-Provide functional workplace</li> </ul>	
<p>Participants Sustainable Practice</p> <ul style="list-style-type: none"> <li>-Strictly monitored health, safety and security aspects</li> <li>-Consideration of occupant comfort</li> <li>-Consideration of privacy aspects</li> <li>-Provide green recreational area</li> <li>-Provide indoor entertainment area</li> <li>-Corporate Social Responsibility</li> <li>-Systematic complaints system</li> <li>-Feedback analysis</li> <li>-Ample signage in the building</li> <li>-Comfortable waiting area</li> <li>-Maintain cultural and ethnic values</li> </ul>	
<p><b>Environmental protection</b></p> <ul style="list-style-type: none"> <li>-Use eco-friendly equipment</li> <li>-Green cleaning policy</li> <li>-Supplier assessment on eco product</li> <li>-Apply environmental assessment system</li> <li>-Use recycled materials</li> <li>-Use hazard- free materials</li> </ul>	
<p><b>Internal Green Management</b></p> <ul style="list-style-type: none"> <li>-Provide natural ecosystem inside and outside of the building</li> <li>-Apply scheduled landscape management</li> <li>-Control humidity in the building</li> <li>-Control air quality in the building</li> <li>-Control air temperature in the building</li> </ul>	

<ul style="list-style-type: none"> <li>-Control daylighting and glare in the building</li> <li>-Provide internal noise control</li> <li>-Provide healthy internal and external views</li> </ul>	
<p><b>Waste generation</b></p> <ul style="list-style-type: none"> <li>-provide recycle bins</li> <li>-recycle bins used wisely</li> <li>-sell off recycled waste materials</li> <li>-provide waste management plan</li> <li>-organic waste is used back</li> <li>-provide e-waste collection schedule</li> </ul>	
<p><b>Energy management</b></p> <ul style="list-style-type: none"> <li>-Systematic control on energy use</li> <li>-Automated energy management system</li> <li>-Efficient energy management team</li> <li>-Effective PPM schedule</li> <li>-Use natural energy sources</li> <li>-Sell out generated natural resources</li> <li>-Minimum use of energy</li> <li>-Use energy saving appliances</li> <li>-Use energy saving fittings</li> <li>-Automated daylighting control</li> <li>-Apply lightning zone and control</li> </ul>	
<p>Participants Sustainable Practices</p>	
<p><b>Innovation</b></p> <ul style="list-style-type: none"> <li>-Provide innovation in management system</li> <li>-Provide innovation in building maintenance and controlling systems</li> <li>-Provide innovation in delivering information system</li> <li>-Provide innovation in environmental design initiatives</li> <li>-Artificial intelligence to design the apps and system for the corporation</li> <li>-Adopt the Industrial Revolution 4.0 in the innovation</li> </ul>	
<p><b>Workspace management</b></p> <ul style="list-style-type: none"> <li>-The design encourages optimum use of space</li> <li>-Provide a suitable workspace design and -layout</li> </ul>	

<ul style="list-style-type: none"> <li>-The design encourages human interaction</li> <li>-The workspace design referring to the standard</li> <li>-Equipped with smart and intelligent system</li> <li>-Accessible working space design</li> </ul>	
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