

Exploration of the Application of Islamic Management Principles in the Management of Construction Businesses

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To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v13-i6/17172> DOI:10.6007/IJARBSS/v13-i6/17172

Published Date: 30 June 2023

Abstract

This article explores the concept of Islamic management and its application in the context of construction business management (CBM). Islamic management is a comprehensive approach that integrates Islamic principles into organizational and business practices, emphasizing values such as integrity, fairness, social responsibility, and excellence. The article highlights the importance of holistic CBM, which considers project management and strategic planning, marketing, human resource management, and risk management. Drawing inspiration from the Qur'an and the Sunnah, Islamic management principles are grounded in justice, accountability, and responsibility toward all stakeholders. The article discusses the key principles of Islamic management, including sincere intentions, fair profit distribution, strong customer relationships, social responsibility, worker safety and welfare, cleanliness and aesthetics, the balance between worldly and spiritual pursuits, and the pursuit of excellence. It demonstrates how these principles can be applied in CBM to promote ethical practices, sustainability, and long-term success. By incorporating Islamic management principles, construction businesses can operate according to Islamic teachings, foster ethical decision-making, and contribute to a socially conscious and environmentally responsible construction industry.

Keywords: Islamic Management, Construction Business Management, Ethical Practices, Sustainability

Introduction

Construction business management (CBM) is the process of planning, organizing, and controlling a construction project from the beginning to the end. It involves the management of several resources such as labor, materials, and equipment, as well as managing financial aspects such as budgets, cost estimates, and contract negotiations (Corgnati et al., 2020). It also ensures that CBM complies with safety regulations and building codes, facilitates communication between stakeholders such as clients and contractors, in addition to resolving any issues that may arise during the project (Behúnová & Mésároš, 2016).

Effective CBM requires excellent project management skills, an understanding of construction processes and techniques, the ability to manage multiple stakeholders and teams, and a strong focus on meeting project goals within established timelines and budgets (Mathews et al., 2009). In addition, a holistic approach to management is required to achieve sustainable and long-term success in the construction industry. It needs to consider various aspects of the business outside of traditional project management practices. These aspects may include strategic planning, marketing, business development, human resource management, financial management, and risk management (Behúnová & Mésároš, 2016). By incorporating a holistic approach to CBM, construction companies can increase profitability, increase customer satisfaction and retention, reduce risk and liability, and attract the best talent (Thumiki et al., 2022).

An important element of holistic CBM is consideration of the environment. As a major contributor to climate change and resource depletion, the construction industry must be responsible for reducing its negative impact on the environment (Dong et al., 2019). Another aspect that requires careful consideration in holistic CBM is social responsibility. This is because the built environment has significant social implications because it directly affects the quality of human life (Memon et al., 2017). Finally, ethical leadership also needs to be present in the context of holistic CBM. Ethical leadership can make business more excellent and freer from negative things. In short, holistic management is comprehensive about all factors that affect the success or failure of a project or organization. It includes not only economic concerns but also considerations of environmental sustainability in the decision-making process (Shamsuddin et al., 2017).

Based on the criteria, Islamic management is appropriate to be applied in CBM because it fulfills the criteria of holistic management. Islamic management considers the business aspect and an organization's social, ethical, and spiritual dimensions. It emphasizes justice, accountability, and responsibility toward all stakeholders (Rahman et al., 2013). Islamic management also plays a vital role in ensuring that projects can be managed effectively and efficiently while promoting sustainable development in the construction industry. Islamic principles such as honesty, transparency, and trust are also emphasized in the context of Islamic management (Rizkiah, 2018).

Moreover, Islamic management has developed by focusing on the application of Islamic values and principles in business and management activities. It aims to provide a holistic approach to managing organizations by considering both human life's material and spiritual aspects (Hasan & Dewi, 2019). At the same time, in recent times, the application of Islamic management systems is increasing and is of interest to management organizations at the global level (Syahrivar et al., 2020). Accordingly, based on relevant literature, this article aims to achieve the objectives follows:

- To explore the concept and principles of Islamic management
- To explain how Islamic management principles can be applied in the context of CBM.

Overview of the Concept and Principles of Islamic Management

Islamic management is a comprehensive approach to management that draws inspiration from the teachings of Prophet Muhammad (SAW) and is grounded in the concept of Tauhid, the belief in Allah SWT's ultimate power and ownership. It encompasses a range of principles and practices that aim to infuse Islamic values into organizational and business management (Mohiuddin & Hanif, 2021). Central to Islamic management is the adherence to the Qur'an and Sunnah (prophetic practices) as primary sources of guidance (Riinawati, 2022).

The Qur'an serves as a fundamental reference, providing wisdom and direction for managing organizational and business affairs. Islamic management recognizes the importance of drawing inspiration from the Qur'an and using it as a moral compass to make ethical and effective decisions (Zaman et al., 2013). Additionally, the Sunnah, which refers to the exemplary way of life and actions of Prophet Muhammad (SAW), offers valuable insights into conducting management activities. The Sunnah highlights qualities such as honesty, trustworthiness, justice, openness, and social responsibility, which can be applied in organizational and business contexts (Sulaiman et al., 2013).

At its core, Islamic management strives to integrate Islamic principles into organizational and business practices. It emphasizes the significance of upholding honesty, trustworthiness, justice, unity, social responsibility, and other Islamic values to achieve organizational goals in a harmonious manner (Sulaiman et al., 2013; Mohammad & Nurhasanah, 2021). Islamic management strongly emphasizes prioritizing Allah and the afterlife, practicing justice in all matters, fostering openness in managing organizational affairs, adopting leadership based on Islamic principles, and effectively managing risks (Kamaruding et al., 2018).

Moreover, Islamic management promotes corporate social responsibility by recognizing the organization's long-term interests and conducting business affairs in a manner that respects and fulfills societal needs. By doing so, Islamic management contributes to the success of organizations and the achievement of long-term objectives (Mir et al., 2016). Justice is regarded as a foundational principle in Islamic management, ensuring a balance between rights and responsibilities. It advocates for equal treatment of individuals, avoiding marginalization or privilege based on background, social status, or other factors (Mushtaq et al., 2014). Thus, fair, and impartial distribution of profits and opportunities is essential in Islamic management.

Transparency and openness are crucial elements of Islamic management. Organizations that adopt Islamic management principles are encouraged to embrace transparency in all aspects of their operations, including finance, human resources, and risk management (Sheikh & Bhatti, 2017). By fostering an environment of openness, organizations can effectively manage their affairs and reduce the likelihood of issues related to mistrust or fraud. Islamic management also underscores the significance of leadership based on Islamic principles, characterized by qualities such as honesty, trustworthiness, and openness. Islamic leaders should serve as role models, inspiring and motivating organizational members to work wholeheartedly (Mohd Salleh, 2019).

In conclusion, Islamic management aligns organizational and business management with Islamic principles. By doing so, ethical, and effective decisions can be made, affairs can be conducted with integrity and honesty, and activities can be carried out in harmony with Islamic values. Islamic management serves as a framework that strengthens Islamic values within organizational and business management, ensuring that these practices are ethical, fair, and firmly grounded in Islamic principles. Understanding and implementing these key elements are vital for organizations seeking to embrace Islamic management principles.

How to Apply Islamic Management Principles to Construction Business Management?

Integrating Islamic management principles into CBM entails a comprehensive approach that upholds integrity, ethical practices, and long-term prosperity. These principles exert a profound influence on various aspects of the construction industry, shaping its operations and interactions. Figure 1 illustrates summarized Islamic management principles that can be effectively applied in CBM.

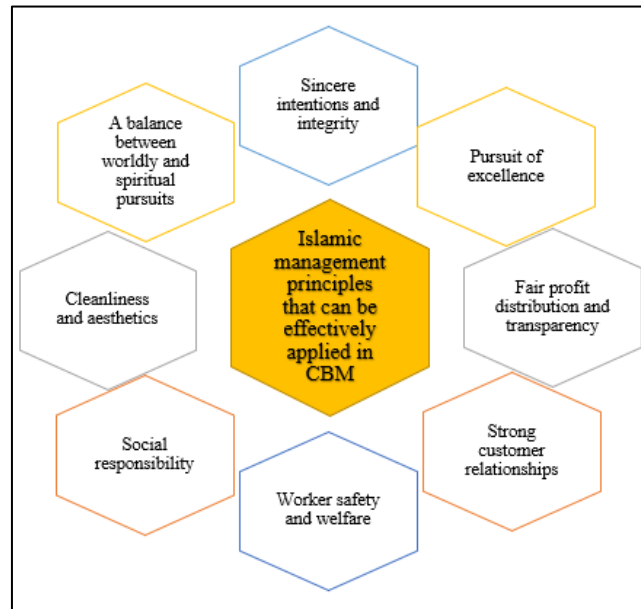


Figure 1: Islamic management principles that can be effectively applied in CBM.

One crucial aspect is the emphasis on sincere intentions and integrity. Islamic management emphasizes the need for business owners to prioritize sincere and honest intentions in their actions (al-Din et al., 2016; Majid et al., 2018). This includes providing quality services, ensuring fair payment of wages to workers, and complying with established laws. By conducting business with integrity, owners fulfill their moral responsibilities to God and society, which in turn enhances the quality and confidence of customers while strengthening the reputation of the business (Kamaruding et al., 2022; Mokthar et al., 2018)

Another important principle is the fair distribution of profits and transparency (Moghimi, 2018). Islam stresses the importance of equitable profit sharing, ensuring that all parties involved, including employees and subcontractors, receive a just and fair share. Furthermore, business owners are encouraged to maintain transparency in their projects and financial affairs. By implementing fair profit distribution and promoting transparency, trust, and credibility can be established within the business, fostering harmonious relationships with stakeholders (Mulyany & Furqani, 2019). These values align with Islamic principles and contribute to sustainable growth and long-term success in the construction industry.

Islamic management places significant emphasis on cultivating strong customer relationships (Asnawi et al., 2019; Karuniawati, 2022). Establishing and maintaining good relationships with customers is a foundational value. In the construction industry, this principle translates into delivering high-quality services that align with customer requirements, promptly addressing customer feedback, and effectively resolving any concerns that may arise. By prioritizing customer satisfaction and nurturing positive relationships, businesses can foster trust, secure customer loyalty, and generate favorable word-of-mouth referrals (Asnawi et al., 2019).

These practices align with Islamic principles and contribute to long-term success and sustainable growth in the construction sector.

Furthermore, social responsibility holds immense importance in Islamic management (Ricadonna, 2021). Construction businesses are encouraged to positively impact the local community and the environment. This entails minimizing adverse effects on the surrounding ecosystem and actively participating in activities that enhance societal well-being (Shabbir et al., 2018). By prioritizing social responsibility, construction businesses not only fulfill their ethical duties but also contribute to sustainable development and the welfare of the community. This approach aligns with Islamic principles and fosters a harmonious relationship between businesses and their broader social and environmental contexts.

In addition to that, the principles of worker safety and welfare hold great significance in Islamic management. Islamic teachings emphasize that occupational safety and health should not be merely seen as a matter of adhering to organizational procedures, but rather as a religious duty and a Divine Calling (Hayat, 2018). Particularly in the construction industry, it is incumbent upon business owners to ensure that all workers engaged in projects are offered comprehensive health and safety measures. Furthermore, Islamic principles of justice and compassion underscore the importance of providing fair wages and fostering a work environment that upholds the rights and dignity of employees. These integral values promote a conducive and respectful atmosphere for workers.

Islamic management also emphasizes the importance of maintaining cleanliness and aesthetics (Maigari, 2016; Caksen, 2021). According to Caksen (2021), the cleaning rules prescribed in Islam are effective in preventing the spread of COVID-19 infections that continue to affect people worldwide. Therefore, construction business owners are encouraged to prioritize cleanliness and aesthetics in their projects. This involves maintaining clean construction sites and utilizing high-quality materials that do not pose any health hazards. By prioritizing cleanliness and aesthetics, businesses contribute to a positive image and create a more visually appealing environment. This approach aligns with Islamic principles and promotes a healthy and safe work environment for employees and other stakeholders.

Another point is that Islamic management recognizes the importance of maintaining a balance between worldly pursuits and spiritual obligations. Islam encompasses a comprehensive socio-economic system where morals and ethics are intertwined, emphasizing the need to achieve equilibrium between materialistic and spiritual aspects of life (Faseruk & Hossain, 2017). In this context, business owners in the construction industry are reminded not to excessively prioritize worldly gains at the expense of their responsibilities to Allah and the community. By acknowledging the significance of spirituality alongside their business endeavors, owners can foster a sense of purpose and ensure that their actions align with Islamic values. This approach promotes a holistic understanding of success that encompasses both worldly achievements and spiritual fulfillment.

Lastly, Islamic management emphasizes the pursuit of excellence in all aspects of CBM. Islamic leadership exemplifies the drive to achieve organizational goals, surpass others, and seek the pleasure of Allah and success in the hereafter (Gazi, 2020). This principle of striving for excellence extends to project management, customer satisfaction, and overall operations. By adhering to Islamic principles and continuously seeking improvement, businesses can consistently deliver high-quality services, build trust with customers, enhance their reputation, and achieve long-term success. This commitment to excellence aligns with the core values of Islamic management, fostering a culture of continuous growth and improvement within the construction industry (Buldan et al., 2021; Kamaruding et al., 2021).

In conclusion, the application of Islamic principles in construction business management encompasses various aspects that promote integrity, ethical practices, and long-term success. By incorporating principles such as sincere intentions, fair profit distribution, strong customer relationships, social responsibility, worker safety, and welfare, cleanliness, and aesthetics, the balance between worldly and spiritual pursuits, and the pursuit of excellence, businesses can operate in a manner that aligns with Islamic teachings and fosters ethical and sustainable practices in the construction industry.

Conclusion

In conclusion, planning, organizing, and controlling construction projects are all part of the complicated process known as construction business management (CBM). Project management expertise, comprehension of the construction process, and a comprehensive strategy that considers all facets of the organization are necessary for effective CBM. The demands of comprehensive CBM are well-aligned with Islamic management, which incorporates Islamic values into organizational and commercial practices. Islamic management places a heavy emphasis on ideals like honesty, equitable profit allocation, openness, and solid client connections. It encourages social responsibility, worker welfare and safety, aesthetics and cleanliness, and harmony between material and spiritual goals. Construction companies can act morally, foster stakeholder trust, support sustainable development, and find long-term success by implementing Islamic management principles. Islamic management is based on the Qur'an and Sunnah, which offer direction and knowledge for carrying out management tasks and making moral decisions. Organizations can make sure that their actions are founded in fairness, accountability, and responsibility towards all stakeholders by maintaining Islamic values and principles. Construction businesses may improve their reputation, draw in the best talent, and boost customer satisfaction and retention by incorporating Islamic management ideas into CBM. Businesses can also support a socially and environmentally responsible construction industry by focusing on environmental effects and acting responsibly. Overall, the incorporation of Islamic management principles into CBM provides a thorough and moral framework that is consistent with the ideals of accountability, fairness, and integrity. These guidelines can help enterprises in the construction industry strive for excellence, succeed, and make constructive contributions to both society and the environment.

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