

# Prophetic Best Practices in Business for Human Capital Development

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## Abstract

Human capital has been the most crucial current topic of this modern life. Competition in business and industry requires human resource that spells excellence, knowledgeable, discipline and visionary. With the rise of conscious market-driven community, many have concluded that to achieve the highest stake in business is to simultaneously reconstruct the moral consciousness. Henceforth, learning from past leaders, their legacy has been left with much to be desired by shortcomings, conflicts of interest and at times, destructions. In promoting the virtuous awareness, education has to take the lead through human capital development. In the attempt to apply the landmark practices of Prophet Muhammad (pbuh), and his management principles, this discursive overview intends to provide the application of the prophetic tradition in the management field as the foundation for application in aspects of discipline which include business, law, education, just to state a few. Therefore, this paper intends to study the Islamic management elements of Prophet

Muhammad (pbuh) by providing insights to the following questions. The first question is, how does human capital development raise moral consciousness in terms of business practices set forth by prophetic tradition? Can current situations apply such emulations of managing human capital and hence, enhance the quality of our life within the family, in the community and for the nation? With the increasingly diverse expectations, management practices and skills of Prophet Muhammad (pbuh) contribute to provide the pathway of managing the human capital development presented as answers to the above questions.

**Keywords:** Management; Human capital; Muhammad (pbuh); Education; Islamic business

## Introduction

Human capital has been the most crucial current topic of this modern life. It is the focal point of human resource that has to be supplied for the generation of economics capability that runs the whole global community (Ary, 1987). It is in the human capital theories that

investing in education will develop skills of the people in the community and further enhances their productivity and subsequently contribute to the economic growth (Aburdeen, 2005). He further emphasised the correlation between levels of schooling and the level of economic development. Therefore, in meeting the competition in business and industry, it requires human resource that spells excellence, knowledgeable, integrity, discipline and visionary. With the rise of conscious market-driven community, however, many have concluded that to achieve the highest stake in business is to simultaneously reconstruct the moral consciousness. The success of many current businesses has been the result of moral awareness in the organisation as displayed by Aburdeen (2005) in case studies on several companies. This is a contribution to justify that business success has to be based on the foundation of moral, if not values and integrity.

Although the *Hadith* is not their basis, the values are universal in creating business and related transactions that are successful. Nevertheless, as found in the prophetic tradition or the *Hadith*, the lessons are indicative of back-to-basics business practices. In his teaching, that if they are not within the guiding principle of Quran and the *Hadith*, Rasullullah (pbuh) does not regard one as his ummah. He, hence, provides a reminder to Man to observe accuracy and truth in any transactions. Nevertheless, emphasis on nurturing creativity and cognitive skills would give momentum to the economy. A comprehensive and holistic approach to train and educate future work force is necessary as the synergy of moral consciousness need to be in dialogue in order that the global community can seek comprehensive solution to both global and local issues.

In view of other discipline of studies and despite the great thoughts of Western civilisation, Kamaruzaman & Siti Akmar (2008) and Siti Akmar et al. (2011) mentioned that the perspectives of Islam remain vital and relevant. In addition, in a keynote address

at the International Conference Dakwah and Islamic Management (IC DAIM 2010) held in Kuala Lumpur in November 2010, the eminent speaker, Tun Ahmad Sarji Abdul Hamid, reiterated that the complete human as a resource encompasses that of physical, social and spiritual aspects that have to be in equilibrium with one another. Hence, the complementary effect of the Eastern scholar's thinking on human capital development, takes on with the proposition of the Western scholars of human resource development. Further, Tun Ahmad Sarji (2010) reiterated clearly of the relevance that core values as practised in Islamic management develop complete human capital as a resource. He also listed the qualities aspired to be the core values as distilled into knowledge and faith, emotional commitment, skills and expertise, ability and potential, mental strength, attitude and spirituality. Henceforth, the qualities which are universal have been in place with substantiation by the Hadith as discussed further in the later section of the paper. Thus, the elements on spirituality set to be a significant variable as this area is currently very much discussed in literature. Furthermore, Ary (2009) concerted in his research that a total human comprises the capabilities of intellect, emotion and spirituality. Hence, the current discussion attempts to contribute in this term to the ready knowledge of human capital development.

### **Lessons from Past Business Compromises**

History, recent or past has taken us to re-look at the existence of human capital of holistic being. Dzulkifli (2009) invited us to look at the recent falter as a result of education without the holistic quotients. It is in the need for a global change in higher education system that seems to be inevitable. Every scholar in the society wonders what the "*university of tomorrow*" would be like. The current system may seem obsolete and institutions of higher education (IHE) in every nation are under threat because of this crisis. This phenomenon did not occur within a day or two. Since the beginning of the millennium, the true role of IHE has faltered. One good

example to ponder upon will be the Enron case. The fraud that had almost devastated the US economy was said to be caused by the graduates from Ivy League universities in the US.

At present, the global economic crisis is also said to be a causal effect from a misconduct of at least 10 percent of graduates from top level universities in the US. Sadly, this occurs even after university such as Harvard has reformed its education system since the Enron case. Therefore, it is important to bear in mind that, what we discuss here is not merely about ethics.

It is way beyond the fact that the role of education is to create and shape the characteristics of human being (Dzulkifli, 2009). Henceforth, learning from past leaders, their legacy has been left with much to be desired by shortcomings, conflicts of interest and at times, destruction, must not be left in history books. Life application in particular for the business worlds in which the lifeline of existence is based upon requires the guidelines of human values. Thus, this is further reminded by Bill George, the former CEO of Medtronic USA, who wrote in his book *Authentic Leadership, the following: We need authentic leaders, people of the highest integrity, Committed to building enduring organizations; We need leaders who have a deep sense of purpose and are true to their core values; We need leaders with the courage to build their companies to meet the needs of all their stakeholders, and who recognize the importance of their service to society.*

### Managing Human Capital Development

In creating and generating human resources, it is also only in recent years that published work on spirituality takes on a serious note in journals. In his comprehensive review on Spirituality and Performance in Organization, Karakas (2010) reviewed 140 articles on the said issue, seems to agree on the fact that spirituality improves performance and organizational effectiveness, of which he verified the relevance spirituality

provides in enhancing work performance. Figure 1 reported positive relationship between spirituality at work and organisational productivity and performance (Karakas, 2010). However, he admitted that as much as there have been reservation on spirituality effect on organization, other research have proven that spirituality in-house practices have positive returns for the organizations. This diagram depicts the aims of the review by integrating three different perspectives on how spirituality enables or leads to organizational performance:



Figure 1: Three perspectives of spirituality and performance (Source: Karakas, 2010)

In his work, Karakas (2010) introduced three perspectives on how spirituality benefits the organization as an individual and as a unit by itself. He listed that spirituality has its impact on the following by the fact that it enhances employee well-being and quality of life, provides employees a sense of purpose and meaning at work, and provides employees a sense of interconnectedness and community. In promoting the virtuous awareness, education has to take the lead through human capital development. In the attempt to apply such landmark practices of Prophet Muhammad (pbuh), and his management principles, this discursive overview intends to provide the application of the prophetic tradition in the management field as the foundation for the various activities in life that spurn economics and social values. Additionally, in the inculcation of these values there has to be comprehensive education for human capital development. As guiding principle, the key sources in Islamic teaching have also got to come from the first and the most important source, that is, the Al-

Quran (Beekun & Badawi, 2005). The Holy Book is the verbatim word of Allah, while the second primary source is the *Al-Hadith* or in practice the *Sunnah*. These are the words, actions and approvals of Prophet Muhammad (pbuh), as in this paper, it is termed as prophetic practices. Both these sources offer the guiding principles that are presumed to be valid for all times and places (Beekun & Badawi, 2005). This is a reiteration on the key role of the sacred references that provide the basic principles to help Man with the guidelines in practising business. Deeper study on these two sources, understanding the functions laid down by the teachings and putting them into practice are prove that success will be promised. As this has been presented by Aburdeen (2005) on examples of cases – moral consciousness, values-driven and social responsibility – are boon to businesses which practise uncompromising ethics.

Let us view one perspective of providing altruism from a western expert. In quoting the works of Aburdeen (2005) from her book *Megatrends*, the concern for moral consciousness has set a foundation for a successful organisation. She justifies that conscious capitalism depends on the wisdom of enlightenment of self-interest which if we further scrutinise will permeate the propagation of the prophetic traditions. Aburdeen listed several powerful trends that she noted will re-invent a free enterprise. These innovative ideas include (a) The power of spirituality in leadership and business: During the turbulent period, man tends to look within: in which 78 percent seek more spirit through yoga and meditation (Aburdeen, 2005). In these trying moments there exist Divine presence that two cases were quoted by Aburdeen as from Redken and Hewlett-Packard that their spiritual CEO helps transform the companies in such times. Evidence has been that organisations in United States are talking about faith at work. Medtronic has recently awarded Eileen Fisher the “Spirit at Work” award. Besides Ford, Intel as well as other firms has begun to sponsor employee-based religious network. The San Francisco Chamber of Commerce has started

its monthly sponsorship of ‘spiritual’ brown bag lunch. Leading from the middle is so common as such that the charismatic overpaid CEO is fast fading as the organisation is moving towards to forge a lasting change ordinary managers can make it. They do it via values, influence and moral authority, (b) the dawn of conscious capitalism: Many would associate altruism to enhancing business performance, a Harvard forum set in 2002 concluded that the sense of universal honour is crucial in order that companies achieve great heights. Further in her work, he mentioned of top companies and leading CEOs are re-inventing free enterprise to honour stakeholders and shareholders as inclusive element in the business entity. The surprising fact is that studies have shown that corporate good guys rack up great profits.

Re-engineering an organisation that develops with moral consciousness see the modules like Vision Quest Meditation Forgiveness Training Heart which may not have entered any corporate culture in terms of training programme for human capital enhancement but Aburdeen (2001) recorded such companies that perform big. As this is occurring, it has proven that the conscious consumers have left behind the mass market as they grow with awareness that whether they are purchasing hybrid cars, green building supplies or organic food, the consumers are getting them with their values. Therefore the brands that come with positive values will retain with the consumers. In Aburdeen (2005), her write up reiterates the ultimate consciousness on sustainability involves the moral consciousness of making the Earth a safe and healthy place to live in. Business that runs does not compromise on the environment and the need so those living. She confirmed that the present stock portfolios are green in more ways than one. Therefore, socially responsible investment (SRI) focuses on business which favours *syariah*-compliance investment in which the monies are not put in companies that produce or sell addictive substance such as alcohol, gambling and tobacco. The investors also seek out for companies that engage in environmental

sustainability as well as alternative energy / clean technology effort.

As presented in the cases discussed earlier, moral awareness inculcated in organisations is evident in their organisational sustainability. Their specific standards reveal ethical behaviours which can be translated as the set of moral principles that distinguish what is right and what is wrong. Hence, it is crucial to re-create and to re-raise the awareness of the teaching of Islam that the direct connectedness between Man and Allah, Man and his fellow beings as well as Man and the environment seeks to re-dress the ailment that is taking place in the society. Prophet Muhammad (pbuh) suggested that learning for Man has to begin from his pubescent stage to adulthood and to be in continuum. Moral consciousness just does not spring out, but it has to be inculcated through education. The teaching of Rasullullah (pbuh) provides comprehensive knowledge. Such a contention places education as the prime activity in human capital development and thus, moral, values and ethics plus spirituality set in to satisfy the puzzle. Physical and mental development that Islamic scholars have suggested is the taming of the human souls. This development result in various stages of moral development namely (1) *ammara* – if not checked will lead to perdition (2) *lawwama* – aware of evil and resist it, with signs of repentance and hoping to reach salvation (3) *mutma'inna* – when the soul has reached the highest stage of satisfaction (Beekun, 1996).

### Prophetic Tradition in Sustaining Moral Consciousness

Mankind is the *Khalifah* that Allah has entrusted on earth (Al-Quran 67:2) and to fulfil this role, Man emulates Prophet Muhammad (pbuh), as the quintessential model through the *Hadith*. Prophet (pbuh) with the model of behaviour that he presented comes with the word '*akhlaq*' which in Islam is referred to as ethics. In the prophetic model with it is presented sets of behaviour for Man to be educated with and

emulate. His practices are comprehensive and these are relevant and real for the present times.

In synergy to his teaching, human capital development raises moral consciousness in terms of business practices set forth by the prophetic tradition. Education plays the big role to ensure human capital development has been passed on through civilisation. Educational programmes that prepare people for the world of work that generate business and income need to integrate curriculum, awareness and ethics. This includes an innovative curriculum design that would synergise with the graduate production drive. The knowledge-based human capital that has acquired the appropriate education would not only have up-to-date competencies, but also develop a holistic person. Goleman (1995) on EQ and Ary (2009) on ESQ, are business and leadership gurus that concur that business with ethics sustains.

Additionally, Sembuk et al. (1999) put forth a triangular holistic curriculum that fits in developing human capital of all fields. The proposed model attempts to create wholesome and rounded workers who are knowledgeable, skilful and possess professional ability. Besides, he too possesses strong spiritual, ethical and social awareness in conducting his duties.

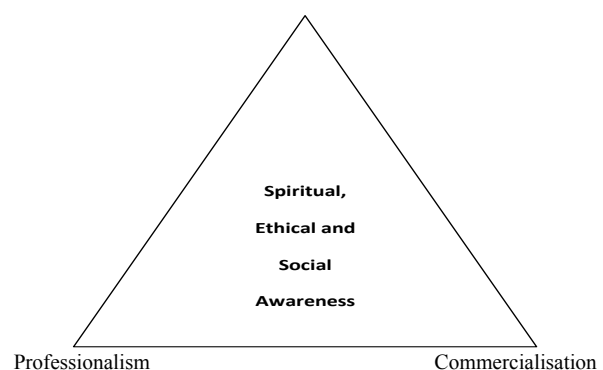


Figure 2: A Holistic Model of Manpower Creation of Knowledge and Skills (Source: Sembuk et al., 1999)

### Best Practices through Role Modelling

Many current situations and predicaments have turned human capital to be the focus of complication, trouble and failure as

mentioned earlier. Where there are guidelines of business ethics, the teaching of Rasullullah (pbuh) provided the principles. Firstly, in all consciousness the teaching of Islam enforces that *tauhidic* covenant to subscribe and hence the Quran reminds Man to perennially observe: *In whatever business you may be and whatever portion you may be reciting from the Quran and whatever deed you may be doing, We are Witnesses thereof when you are deeply engrossed therein* (Al-Quran 10:61). The belief of Divine Creator is put in place in key manufacturers, some of which were presented in earlier section. It has also become the business motto that guides the organisation. This is found in the following: *The advancement of knowledge and technology does not Man blissful. It is the respect for the divine Being and the love for other human Corporate Motto Kyocera Corporation.* Hence, this is a reminder that brings forth the last sermon of Rasullullah (pbuh) on Mount Urunah in Arafah in which he says: *"....so regard the life and property of every Muslim as a sacred trust. Return the goods entrusted to you to their rightful owners."* *Can current situations apply such emulations of managing human capital and hence, enhance the quality of our life within the family, in the community and for the nation? The historical turn of events that have taken place amongst the great corporations of the world have indicated that value-driven human capital has brought sustainability to their organisation* (Ary, 2005). *This is already in place when some guiding principles have been outlined for those dealing in business as the business code of ethics are profound in Islamic teaching as the Quran and Hadith are prime sources.* Beekun (1996) listed some of these guidelines that relate to the daily life and business conduct, in particular for Muslims. *Since the obligation comes with the Witness from Allah Al-Mighty of all transactions that take place, these behaviours are laid as constant reminder of the Hadith which include:* (a) *Being honest and truthful: The Prophet (peace be upon him) said, "Truthfulness leads to righteousness, and righteousness leads to Paradise. A man continues to tell the truth until*

*he becomes a truthful person. Falsehood leads to al fujuw (i.e. wickedness, evil-doing), and al fujuw (wickedness) leads to the (Hell) Fire, and a man may continue to tell lies till he is written before Allah, a liar."* (Hadith no. 8116) *Sahih Bukhari. The merchants will be raised on the Day of Resurrection as evil-doers, except those who fear Allah, are honest and speak the truth* (Tirmidhi, Ibn Majah, Darimi), (b) *Honoring promises made: In a Hadith narrated by Abu Hurairah "If you guarantee me six things on your part I shall guarantee you Paradise. Speak the truth when you talk, keep a promise when you make it, when you are trusted with something fulfill your trust, avoid sexual immorality, lower your guise, and restrain your hands from injustice."* (Ubadah Ibn al Samit, Ahmad, Bayhaqi) *Say, "If it be that your fathers, your sons, your brothers, your mates, or your kindred; the wealth that you have gained; the commerce in which you fear a decline; or the dwellings in which you delight - are dearer to you than Allah, or His Messenger, or the striving in His cause -then wait until Allah brings about His Decision: and Allah guides not the rebellious."* (Al Quran 9:24). *O you who believe! Eat not up your property among yourselves in vanities: but let there be amongst you traffic and trade by mutual good-will: nor kill (or destroy) yourselves: for verily Allah has been to you Most Merciful* (Al Quran 4:29). *Those who hearken to their Lord; and establish regular prayer; who (conduct) their affairs by mutual consultation, who spend out of what we bestow on them for sustenance* (Al Quran 42:38). *Woe to those that deal in fraud those who when they have to receive by measure from men exact full measure. But when they have to give by measure or weight to men give less than due. Do they not think that they will be called to account?* (Al Quran 83:1-4). *Businessmen may sometimes be tempted to offer bribes or baqshish in order to persuade another party to give them special favors or to allow them to get away with dishonest practices. The practice of bribery is forbidden in Islam. The Apostle of Allah (peace be upon him) cursed the one bribes and the one who takes bribes.*

(*Abd Allah ibn Amr ibn Al As, Abu Dawud, Hadith no 3573*) Sunan Abu Dawud. *Deal not unjustly, and you shall not be dealt with unjustly* (Al Quran 2:279).

With the increasingly diverse expectations, management practices and skills of Prophet Muhammad (pbuh) through his prophetic practices as found in the *Hadith* and his *Sunnah*, contribute to provide the pathway of managing human capital development. His teaching as documented in the *Hadith* and practised in his *Sunnah* could have been in the amnesiac mind of Man, both Muslim and non-Muslim. Therefore, this paper contribution is a reminder that Islam being a comprehensive way of life system, also encompasses different aspects in life activity, much so in business. The ethical guiding principles are to be continuously inculcated through education at every level. Education at the very beginning of age, formal or informal leading to lifelong learning, requires the inculcation of values, religious knowledge, not only in dissemination of knowledge through the syllabus, but also to be embedded in the curriculum as a comprehensive and integrated domain through teaching-learning experiences within the classroom or outside the learning compound. In the professional forefront, training providers may have to re-consider, re-visit and re-live the training needs and contents to manage the development of human capital that sustains the economic generating power of the nation. In Universiti Teknologi MARA, for example, the contents of modules offered for training of human resource has to include the enhancement of faith and integrity elements that are used in delivering the courses.

## Conclusion

There is an avenue to relook at our higher education courses as well as programmes and revisit its curriculum if it has a comprehensive element of Islamic relevance; or rather 'Islamisation' is only found in silo of its very own courses and programmes offered? Hence, if the element does exist it is good to always

remember that such is obligation of every Muslim, or non-Muslim who uphold universal values to relive in all aspects of life, in particular in business and related transactions within their own organisation.

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