Conceptual Modelling for Business Excellence of Multinational Organizations through Islamic Leadership Attributes

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Abstract

There are very few multinational organizations that have achieved business excellence in the Islamic countries despite the fact that many wealthy investors and entrepreneurs are residing in these countries. The current conceptual study aims to explore the conceptual framework for achieving business excellence, especially in the Omani business dynamics where Islamic values are integrated with Leadership attributes. This study institutes a conceptual framework for improving business excellence of multinational organizations with the help of Islamic leadership. It is a blend of empirical and theoretical review. Empirical review has been presented to study the correlation between four critical success factors (CSFs) and business excellence of multinational organizations. Then analysis of literature has been carried out to build a nexus between Islamic leadership and four CSFs of business excellence. The conceptual framework adds to the body of knowledge by developing a framework that explains how Islamic leadership attributes are vital for CSFs and then how these CSFs can predict business excellence, based upon the empirical review. Thus, the conceptual framework distinguishes itself from the state-of-the-art literature by establishing applied relationships between the independent variables (Islamic leadership attributes) and the dependent variables (CFSs for business excellence). This conceptual model will provide a foundation for future empirical researches to test the proposed framework in non-contrived settings to conclude empirical authentication.

Keywords: Islamic leadership; Business excellence; Multinational organizations; Critical success factors (CSFs).

النماذج المفاهيمية لتميز الأعمال في المنظمات متعددة الجنسيات من خلال سمات القيادة الإسلامية

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الملخص:

هناك عدد قليل جدًا من المنظمات متعددة الجنسيات التي حققت تميزًا تجاريًا في الدول الإسلامية على الرغم من حقيقة أن العديد من المستثمرين ورجال الأعمال الأثرياء يقيمون في هذه البلدان. تهدف الدراسة المفاهيمية الحالية إلى استكشاف الإطار المفاهيمي لتحقيق التميز في الأعمال التجارية خاصة في ديناميكيات الأعمال العمانية، حيث تتكامل القيم الإسلامية مع سمات القيادة. تؤسس هذه الدراسة إطار عمل مفاهيمي لتحسين التميز في الأعمال التجارية للمنظمات متعددة الجنسيات بمساعدة القيادة الإسلامية. إنه مزيج من المراجعة التجريبية والنظرية. يتم تقديم المراجعة التجريبية لدراسة العلاقة بين أربعة عوامل نجاح حاسمة (CSFs) والتميز في الأعمال التجارية للمنظمات متعددة الجنسيات. تم تحليل الدراسات السابقة لدراسة الصلة بين القيادة الإسلامية وأربعة من عوامل النجاح الحرجة للتميز في الأعمال. يضيف الإطار المفاهيمي إلى المعرفة الحالية من خلال تطوير إطار عمل يشرح كيف أن سمات القيادة الإسلامية ضرورية لمعايير النجاح الحرجة، ومن ثم كيف يمكن لعوامل النجاح الحرجة أن تتنبأ بالتميز في الأعمال، بناءً على المراجعة التجريبية. يتميز الإطار المفاهيمي عن أحدث الأدبيات والدراسات السابقة من خلال إنشاء نموذج يشرح العلاقات التطبيقية بين المتغيرات المستقلة (سمات القيادة الإسلامية) والمتغيرات التابعة (المساحات المخصصة للتميز في الأعمال). سيوفر هذا النموذج المفاهيمي أساسًا للبحوث التجريبية المستقبلية لاختبار الإطار المقترح في إعدادات غير مفتعلة لاستكمال المصادقة التجريبية.

الكلمات المفتاحية: القيادة الإسلامية، التميز في الأعمال، المنظمات متعددة الجنسيات، عوامل النجاح الحاسمة (CSFs)

Introduction

Business excellence is not easy to achieve in this era of cut-throat competition. Economic conditions in the Middle East are also not ideal since oil prices have gone down during the last few years. This situation augments a need to explore the ways and factors that can bring business excellence to the organizations. This calls for a dire need to lead business in such a fashion as to result in higher profits and positive business outcomes. Literature reveals that leadership attributes are the key predictors of business excellence. Leadership attributes can enhance organizational excellence through better employee efficiency and effectiveness (Bono and Judge 2003). When employees learn new things, it becomes more probable that business will achieve its customer satisfaction and business goals (Sarros et al. 2002). Moreover, leaders can create a conducive and learning environment where employees strive for business excellence by acquiring more expertise and getting more motivation under the supervision of effective leaders (McClellan, 2007). Further, the charismatic leader's traits have been found to be a more substantial factor than institutional infrastructure in ensuring good governance (Naqvi et al, 2011) in the light of the Quranic teachings. Literature also shows that there are certain Critical Success Factors (CSFs) that are positive predictors of business success of multinational organizations. There is an evident tendency of applying Islamic values and Islamic leadership attributes in the organizations situated in Islamic countries including the Sultanate of Oman. It raises a question as to whether Islamic leadership attributes are significant predictors of business excellence or not. Researchers are inquisitive about the role of Islamic Leadership attributes in achieving business excellence. Thus, the study is an attempt to develop a conceptual model that can establish a relationship between Islamic leadership attributes and the CSFs for business excellence. The conceptual framework of this study will help future empirical studies to verify the framework by collecting and analyzing data from the Omani multinational companies. The findings of those studies can be applied by the business organizations in Middle-East countries with Islamic leadership attributes among their managers to achieve business excellence.

1.1 Research Question:

The paper presents the following research question to be solved:

Can a conceptual model assist to achieve business excellence through Islamic leadership attributes for the multinational organizations?

1.2 Objective of the Study:

To develop a conceptual model that helps multinational organizations to achieve business excellence through Islamic leadership attributes.

2. Research Methodology:

This is a theoretical paper which develops a conceptual model based on a systematic literature review. Past studies were intensively reviewed to sort out literature relevant to the Islamic leadership attributes and business excellence. Inclusion/exclusion method was used to extract the relevant literature. We have attempted to include maximum possible studies that were related to the variables under the study for concept building. The irrelevant parts of the literature from those studies were excluded. Then logical links were analyzed and developed to formulate a theoretical foundation for the conceptual model of the study.

3. Theoretical framework and empirical review:

Concept of Islamic Leadership:

There are different terms used for a leader in Islam. A very common term is "Khalifa". This noun is extracted from the verb "Khalafa". The meaning of Khalafa is "successor", ruler or leader. Another term used for a leader in Islam is "Amir". This is an Arabic word which denotes a "prince". This is a noun and it is derived from the verb "Amara" which carries the meaning of "ordered or commanded" (Haddara & Enanny, 2009).

3.1 Islamic Leadership Model:

The literature presents an Islamic Leadership Model based on the research of Abbasi et al. (2010a) and Abbasi et al. (2010b). This model elaborates the key attributes of a leader according to the Islamic perspective. Islamic teachings are taken from the Quran and Hadith and these teachings are considered as the origin of this model. The leader takes instructions from Islamic teachings and these instructions provide the key attributes for an Islamic leader. On the other way, Islamic leader is also accountable according to Islamic teachings. The leader is accountable to the Almighty Allah and also accountable to people (Abbasi et al. 2010). The model is explained in the diagram of figure (1):

3.2 The Concept of Accountability in Islam:

Islamic leadership concept is developed on the foundation of accountability. In Islam, a leader is accountable to Allah Almighty and then he is also accountable to the people whom he is leading (Haddara & Enanny, 2009). This strong sense of accountability keeps the leaders conscious and more responsible in performing their duties fairly. The Holy Quran states: "Say [Prophet], 'Take action! God will see your actions- as will His Messenger and the believers- and then you will be returned to Him who knows what is seen and unseen, and He will tell you what you have been doing" (Abdel Haleem, 2004, 9:105). This verse of the Holy Quran explains the concept of accountability in front of God as well as to people. Allah Almighty knows and He will tell people what they have been doing in the world. All the actions are observed and Muslims are accountable to Allah Almighty for their actions. Islamic leader considers himself accountable and responsible for all his actions being done in the capacity of a leader. Such a conscientious leader can be suitable for achieving business excellence in the multinational organizations.

3.3 Key Attributes of Islamic Leadership:

Different scholars (Abbasi et al. 2010; Haddara & Enanny, 2009) have concluded many attributes for a leader in Islamic perspective. This study sorted out eight key attributes of Islamic leadership that can help achieve CFAs for business excellence. These attributes are Trustworthiness, Righteousness, Cooperation, Justice, Discipline, Eloquence, Conviction and Humility. These attributed have been discussed in the following paragraphs:

Trustworthiness: An organization can spread its business to other countries only if its higher management gains public trust and proves integrity to the other nationalities. Hence, customers show more satisfaction with products and services of trustworthy organizations (Abbasi et al. 2010). The Quran also sheds light on the importance of trust. "Allah doth command you to render back your Trusts to those to whom they are due; and when ye judge between man and man, that ye judge with justice: verily how excellent is the teaching which He giveth you! for Allah is He Who heareth and seeth all things". (Al - Qur'ān 4:58)
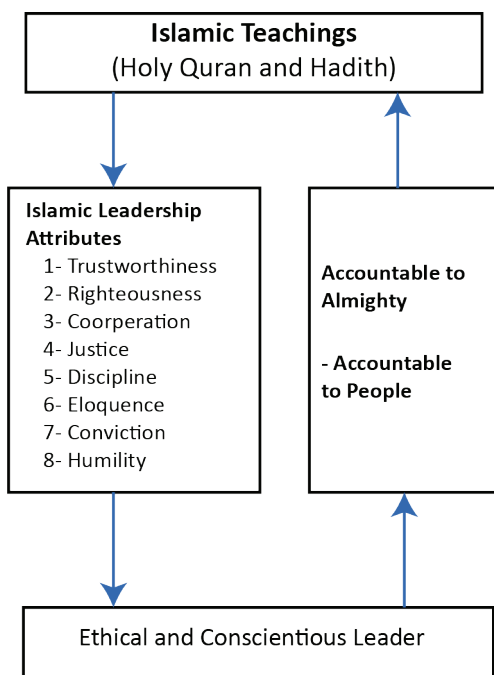
Righteousness: Moral superiority is the only thing which makes a person superior to other people (Modudi, 2005). Righteousness comes from good character. And character is the inner strength of a leader which makes him successful in the long term by helping him manage through facts and right bases (White, 2008). Islam gives a lot of importance to Righteousness and this is the key criterion which can make a person successful in this world and also in the hereafter. "Verily the most honoured of you in the sight of Allah is (he who is) the most righteous of you. And Allah has full Knowledge and is well-acquainted (with all things)". (al - Qur'ān 49:13).

Cooperation: Islam gives high importance to cooperation for righteous actions. Good cooperation level makes a manger successful in running his team with an approach of people-based management (Haddara & Enanny, 2009). Allah Almighty says in the Holy Qur'an, "Help ye one another in righteousness and piety, But help ye not one another in sin and rancour. Fear Allah, for Allah is strict in punishment."(Al - Qur'ān 5:2). Thus, Islamic teachings help in the development of multinational organizations where cooperation is essential for positive and progressive work.

Justice: Justice brings about an overall effectiveness in the organizations. The employees who find justice in their firm, work with more dedication which leads to development and progress of the organization (Rawls, 1971). Islam gives special emphasis to Justice. "For Allah loves those who are fair (and just)". (Al-Hujurat: 9)

Discipline: For effective leadership in multinational organizations, discipline is a core feature. Discipline is necessary for managing people for enhanced business

Figure 1: Islamic Leadership Model
(Derived from Abbasi et al. 2010)

Islamic Teachings
(Holy Quran and Hadith)

Islamic Leadership Attributes
1- Trustworthiness
2- Righteousness
3- Coorperation
4- Justice
5- Discipline
6- Eloquence
7- Conviction
8- Humility

Accountable to Almighty

- Accountable to People

Ethical and Conscientious Leader

productivity (Abbasi et al. 2010). Discipline is also a prominent characteristic of Muslims. "Truly, Allah loves those who fight in His Cause in battle array, as if they were a solid cemented structure". (Al -Qur'ān 61:4).

Eloquence: Eloquence refers to clarity and intelligibility in one's communication. Effective communication and eloquence are important qualities of an effective leader. An effective leader has the ability to transform any organization into a dynamic organization (Caldeira and Does, 2006). Al-Qur'an establishes the importance of eloquence through the example of Musa (AS) when he pleaded for inclusion of his brother Haroon (AS) in the mission to preach truth to Pharaoh because Haroon (AS) was more eloquent. "And my brother Aaron, he is more eloquent in speech than I: so send him with me as a helper, to confirm (and strengthen) me: for I fear that they may accuse me of falsehood." (Al - Qur'ān 28:34)

Conviction: If a leader wants to reform and develop organizational behaviour, he also needs commitment and deep conviction (Safi, 1995). The organizations having employees with great conviction can become more successful (Haddara & Enanny, 2009). Islam preaches strong belief in Almighty Allah, positive values and ethical principles to manage and control people and business affairs according to the teachings of al-Qur'an and Hadith of Prophet Muhammad (PB UH).

Humility: A leader with humbleness and modesty can be said to have humility. The management with humility can develop a people oriented culture in the organization (Abbasi et al. 2010). When Allah commanded Musa (AS) for a task, Musa (AS) asked for Allah's help to increase his abilities and for the successful completion of the task. Musa's (AS) plea for help from Allah is a symbol of humbleness and dependence on Allah Almighty for all the things that a Muslim leader carries (Unus, 2005).

3.4 Business Excellence:

Business Excellence of Multinational Organizations through CSFs:

Kanji (2012) concludes in his empirical research that the following four critical success factors (CSFs) are vital for business excellence of any multinational organization.

1-Delight the customer
2-Management by fact
3-People based management
4-Continuous improvement

Delight the customer:

Literature reveals that satisfied and delighted customers facilitate the multinational organizations to achieve business excellence. The organization which performs way above the expectations of customers, delights the customers with its services (Kotler and Armstrong 1996). Companies can satisfy and delight their customers by fulfilling the customers' needs which matter to them most (Kanji, 2012). Customers' happiness is achieved by retaining their loyalty in a multinational environment where a "cut throat" competition is present (Woods and Joyce, 2003). If customers are happy, it exhibits a 'customer focused' approach of the organization. And customer focused organizations tend to achieve business excellence with high probability (Woods and Joyce, 2003).

Management by Fact:

Facts and figures provide the bases to know your customer, competitors, market and for evaluating employees' performance. Progressive organizations always develop through management by facts rather than guess work or gut feelings (Kanji, 2012). Environmental facts, information and knowledge of competitors play a major role in developing successful business plans for modern organizations that leads to 'process improvement'. Improved processes help an organization to perform with business excellence. (Pauwels et al., 2002).

People based management:

Multinational organizations pursue their development by enhancing skills and job knowledge of their employees. These organizations also give feedback to the employees regarding their performance and also provide clear expectations to make them committed with their work (Kanji, 2012). Proper human resource handling requires care of people, and resonant leaders can do it better by utilizing emotional intelligence to improve 'people performance'. Improved performance of people is directly correlated with business excellence. (Feghhi and Nasser, 2003).

Continuous Improvement:

Scholars explain continuous improvement as an on-going effort to bring incremental changes in products, services, process and system to achieve a competitive advantage. Leaders should also involve the whole executive management in the process of continuous improvement (Rungtusanatham and Forza, 2005). All possible opportunities of improvement should be availed and implemented by functional heads or leaders throughout the year (Stutely, 2002).

Furthermore, Aziz and Alheety (2019) illustrated that leader behaviours impact employee innovation which can result in continuous improvement. In addition to that continuous improvements also assist strategic decision making of multinational organizations that build an 'improvement culture' in the long term (Feghhi Farahmand and Nasser, 2009). Total quality management and improvement culture are essential elements to introduce business excellence to any firm surviving in the global competition. (Kanji, 2012).

4. Conceptual Framework of the study:

The current study swaps traditional leadership with Islamic leadership to build such a kind of unique conceptual model for the first time. Empirical study has already reported scientific relationship of four critical success factors (CSFs) i.e. (Delight the customer, Management by fact, People based management & Continuous improvement) with business excellence of multinational companies. Empirical evidence by Kanji (2012) has reported the following inner coefficients between leadership and CSFs. These CSFs are vital for business excellence. The current research develops the following conceptual model (Fig 2) that proposes the relationship of Islamic Leadership Attributes and Business Excellence through CSFs:

4.1 Conceptual Model: The Conceptual Model of the current study consists of Islamic Leadership & Business Excellence of Multinational Organizations in the following fashion (Figure 2):

5. Theoretical Findings & Results:

On the basis of the systematic literature review, the study presents some conceptual results. Following are the proposed relationships developed from the construct of the new conceptual model.

Theoretical findings revealed that there is a strong evidence in literature that shows Islamic leadership can make the customers more delighted. Islamic leadership is marked by cooperation, eloquence and humility. These attributes are necessary to satisfy customers. Customers like to be dealt with an attitude of cooperation. Eloquence provides clarity between the company representative and the customers.

Humility always attracts people. Employees with humble and pleasant behaviour easily win the hearts of the customers. Usually, customers trust people with more empathy more. Similarly, if customers come with some complaints, again humbleness and humility help employees to calm down angry customers who reached with some complaints in their minds. Delighted customers are a proven CSF for business excellence discussed in the above literature review.

Another finding of the literature review is to develop a relationship between Islamic leadership and management by fact. Trustworthiness and righteousness are the two major attributes of Islamic leadership. Both of these create a way for the leaders to manage by facts. When leaders do not lie and make the decisions according to the right principles and values, they find it easier to manage by facts. Guess work and perceptions are not strong bases for the managers to take business decisions. But if there is truth-based flow of information on both sides, it helps managers to take correct decisions and employees also trust their managers because of truthfulness.

Figure (2) Conceptual Model of the Current Study
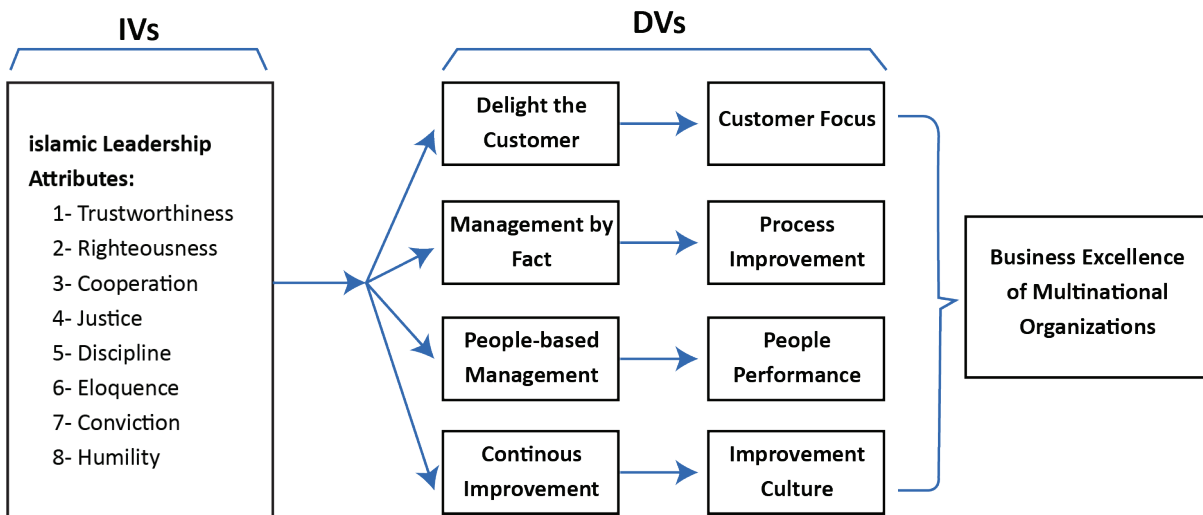
Thus, it becomes easier to manage teams by factual ways.

The next part of the conceptual model establishes a link between Islamic leadership and people- based management which is a vital CSF to achieve business excellence. Cooperation, justice and conviction are the Islamic leader's attributes which help a supervisor to apply people-based management in any organization. Cooperation is an attribute that creates a sense of friendliness and loyalty among employees. If leaders practice justice on priority in their day-to-day decisions, it also helps establishing balance while dealing with employees. Whether it is about distribution of work, promotion, reward or any action towards employees, justice has the core importance for the leaders in undertaking people-based management.

Lastly, the study finds a significant association between Islamic leadership with continuous improvement. These days, technology and market requirements are changing with a fast pace. Continuous improvement is a CSF that supports multinational organizations to cope with the rapid changes in technology and the market. As discussed in the literature review, Islamic leadership plays an important role in facilitating organizations for continuous improvement. In this case, discipline and cooperation directly, whereas all other attributes of Islamic leadership indirectly contribute to bringing continuous improvement to a multinational organization. That further results in attaining business excellence through the important CSF (continuous improvement). These four hypotheses can be used in potential empirical studies to evaluate the significance of Islamic leadership attributes for business excellence of multinational organizations.

6. Conclusion:

This study follows a deductive approach and constructed a new conceptual framework for business excellence for multinational business organizations and the role of Islamic leadership thereof. The current conceptual framework introduced a logical relationship between Islamic leadership and development of multinational organizations through business excellence, more particularly in the Islamic countries such as the Sultanate of Oman. It is proposed in the study that Islamic leadership attributes are strongly correlated with the critical success factors (CSFs) for business excellence and that is proved through strong foundation of literature discussed in this conceptual paper. Moreover, the conceptual framework recommends how these CSFs can bring business excellence to the multinational organizations. Trustworthiness, righteousness, cooperation, justices, discipline, eloquence, conviction and humility are the attributes of Islamic leadership which provide the base to achieve critical success factors for business excellence. The foundation for this paradigm of the conceptual model is established through intensive review of literature and past empirical findings. This study developed and concluded a theoretical framework that can be used in several empirical studies. The conceptual model of the study presents a comprehensive framework for future researches to verify the proposed hypotheses in different industries to authenticate the current study empirically. It can be useful for the business organizations of Oman and other countries to develop leadership attributes concluded in this study and by applying the proposed model to enjoy business excellence.

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