# Exploring the Concept of Islamic Human Capital: Empirical Evidence among Malaysian Muslim SMEs

## By

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## Abstract

The objective of this study is to develop a model of human capital from Islamic point of view. The study was conducted using qualitative research that involved 15 Muslim SMEs in Malaysia through focus group discussion as data collection. The data were then transcribed verbatim and analyzed using NVivo application. Empirical findings from the study show that mentoring process such as the display of prudent characteristics, integrity development and preferred leadership style among youth leaders lead to character development. In conclusion, the data indicated that mentoring clearly had the potential to constitute the process of character building among youth. This youth leadership mentoring process contributes to the development of their capabilities in leadership and enhances the implementation of effective youth leadership mentoring processes.

**Keywords:** intellectual capital; islamic intellectual capital; human capital; Islamic human capital

## Introduction

In today's situation, particularly Muslim world, many businessmen facing serious unethical issues such as lying, corruption, discrimination, stealing, fraud and dishonesty, conflict of interest, discrimination, falsification of information, abuse of public funds, and environmental challenges (Abuznaid, 2009). In fact, these totally not an Islamic way of life because Islam have full set of good code of life (5:3) Allah (SWTA) and his messenger Prophet

Muhammad (SAWS) provided clear guidelines concerning each aspect of human life to be applied (Quran, 16:89).

Moreover, based on a study in 2015, Islam has 1.8 billion believers, making up about 23.9 per cent of the population worldwide (Lipka and Hackett, 2017). Muslims are projected to account for 2.6 billion believers globally by the year 2050, with Islam being the fastest growing religion (Alam and Sayuti, 2011).

With reference to past works of literature, many studies were conducted to determine the competitive determinants of a business including its intangible assets of intellectual capital that consist of three dimensions i.e. human capital, structural

capital, and relational capital. However, these studies were mainly non-Islamic in nature thus lacking in emphasis on moral values that could enhance the overall competitiveness model. Currently, in today's complex and dynamic field of organizational management, continuous changes are faced by organizational leaders, many of which could be addressed by developing new knowledge based on extensive studies on peoples' internal moral convictions on various organizational and societal issues (Osman-Goni & Sharif, 2011).

Therefore, there is a strong need for a moral based intellectual capital, and Islamic principles and values could be the notion for business competitiveness model as other studies in Islamic literature has proven its impacts towards the betterment of Muslim lives. In fact, Islam is the only solution for man's problems where it is guidance directly provided by our Creator. As a result, this is the increasing desire of the practicing Muslims to design the work environment in light of Islam, so that they can do they're each job as per the guideline of Islam and thereby ensure maximum benefits both their lives in here and hereafter.

However, lack of clear guidelines as to intellectual capital from an Islamic perspective is a major problem. Furthermore, through literature survey, the researcher found, no such research focusing on intellectual capital from the Islamic point of view. Therefore, this research is a unique attempt to develop the features as well as a model of Islamic IC in order to help those business leaders, managers, and employees of today to ascertain a morally based competitiveness model. Currently, only a few scholars had discussed human capital through Islamic perspective which it is only one dimension of IC. No other research has been done to date on Islamic Intellectual Capital (IC) that encompasses all its three dimensions. Thus, this research will explore a novel concept of Islamic IC as a whole that includes its dimensions of Islamic Human Capital (Ahliyyah), Islamic Structural Capital (Baniah), and Islamic Relational Capital (Silah).

### 1.1    *Objectives of the study*
In this study, the authors took interest to modelling human capital (HC) from Islamic perspective. The rationale of the study lies in the fact that no comprehensive research regarding HC from Islamic perspective has been undertaken. There are few studies addressing this issue, though, were not fully and analytically throw lighted from the Islamic point of view.

### 1.2    *Practical Implications*
The important practical implication for SMEs managers is that the guidelines provided from this study can be implemented within the organization. Managers must revise their current practice regarding to human capital development based on Islamic perspective. Likewise, the policy makers can use this recommendation as reference to establish new policies in the. This present study also intends to fill the gap in the existing literature by adapting Islamic values on

human capital concept. Moreover, the results showed the originality where this is the first study that explored the components of human capital based on Islamic point of view among Muslim SMEs in Malaysia that can be used globally.

# Literature Review

### A.    *Islamic Perspective on Intellectual Capital*

The term 'IC' was coined by John Kenneth Galbraith in 1969 (Bontis, 1998) with Tom Stewart further popularizing the concept in 1991 through their articles title "Brain Power: How Intellectual Capital Is Becoming Americas Most Valuable Asset (Serenko & Bontis, 2004). The IC concept has generated much discussion, culminating in a wealth of literature on the subject across various disciplines. Stewart (1991) defined IC as "a sum of things known to everyone in business that ensures a competitive advantage on the market or a total pool of collective knowledge, information, technology, intellectual property rights, experience, organizational learning and competence, team communication systems, customer relationships and brands that are capable of creating value for an organization."

In comparison with Western theories, Islam assumes a relatively holistic approach to IC. Before explaining the concept of Islamic IC, we must explore some Islamic values that are relevant to the topic. The fundamentals of Islam, focuses on the tawheed (oneness) concept, means that all the human soul's bond to Allah SWT, One Creator-Sustainer God (Hashi & Bashiir, 2009). As the trustee of God (Khalifa), Muslims must believe that God has empowered them with qualities of intellect, knowledge, freewill and guidance to perform their responsibility effectively (Hashi & Bashiir, 2009).

Much of the contemporary discussion of HC has been largely based on a Western orientation. There is a need to develop a framework that encompasses the Islamic perspective and that explores the compatibility between Western and Islamic HC. However, there is no such model has been

originated from Islamic point of view. At present, only one dimension of HC has discussed by many scholars which is human capital in Islamic perspective (Aydin, 2017; Ismail, Rose, Uli & Abdullah, 2012; Rafiki, Alkhalifa & Buchari, 2014; Thaib, 2013). However, the dimension of Islamic HC is differed according to the field.

Rafiki et al. (2013). study found that three variables of Islamic human capital (experience, motivation and training) have significant relationship with firms' growth, while education did not. Another study by Thaib (2013) address of what constitute human capital in Islamic viewpoints, its role on national development and their relationship with human capital resource development. In Islam, the human capital development concerned not only on physical development but also focusing on the moral and ethical development of employees. Current study by Aydin (2017) in developing Islamic Human Development Index (iHDI) revealed that the iHDI rankings for ten Muslim countries except two differed from those in conventional Human Development Index (cHDI). The clear differences for countries that have high economic development. Aydin (2017) suggested that to improved cHDI rankings for Muslim countries by developing alternative HDI from Islamic perspective, namely iHCDI to suit the Muslim context.

This study will explore other dimensions of HC that are missing in the field involving Muslim SMEs and proposed new novel concept which is called Islamic Human Capital (HC).

It is essential to recognize the important of HC due to it become more powerful in knowledge-based economy to obtain sustainable economic success. However, many Muslims owner-managers seem fail to notice the importance elements of HC in their business organization. It is expected that this study will contribute to policy implications for Muslim countries mainly in SMEs as a backbone of national economic development as well as to share ideas across the academic fields. It is believed that this is the first study done on this concept that fills the big research gap in Islamic management literature.

### B.    *Islamic Human Capital (Ahliyah)*

In Islamic perspectives, the human capital is the combination between physical and soul. It aims not only to produce better workers to their employers but obliged and fearful (taqwa) to the Allah SWT, Al-Mighty. The term ahliyah according to Muslim jurists refers to the "eligibility to hold duty and the validity of having legitimate rights" (Wehr, 1974). Obtaining ahliyah means to achieve intellectual maturity to perform religious obligations and fully responsible that improved quality of human life (Hashi, & Bashiir, 2009).

The objectives of the society are to achieve the aims of the creation of mankind which is to worship Allah (s.w.t.) as the Quran mentioned: (I have only created Jinns and men, that They may serve Me.) (51: 56). In Islamic setting the meaning of HC is the ability and experience of human being to fulfil his objective and responsibility on this earth. The verses mentioned above represent the objective and responsibility of human life which are to be the successor and slave of Allah on this earth Islamic Structural Capital (Baniah).
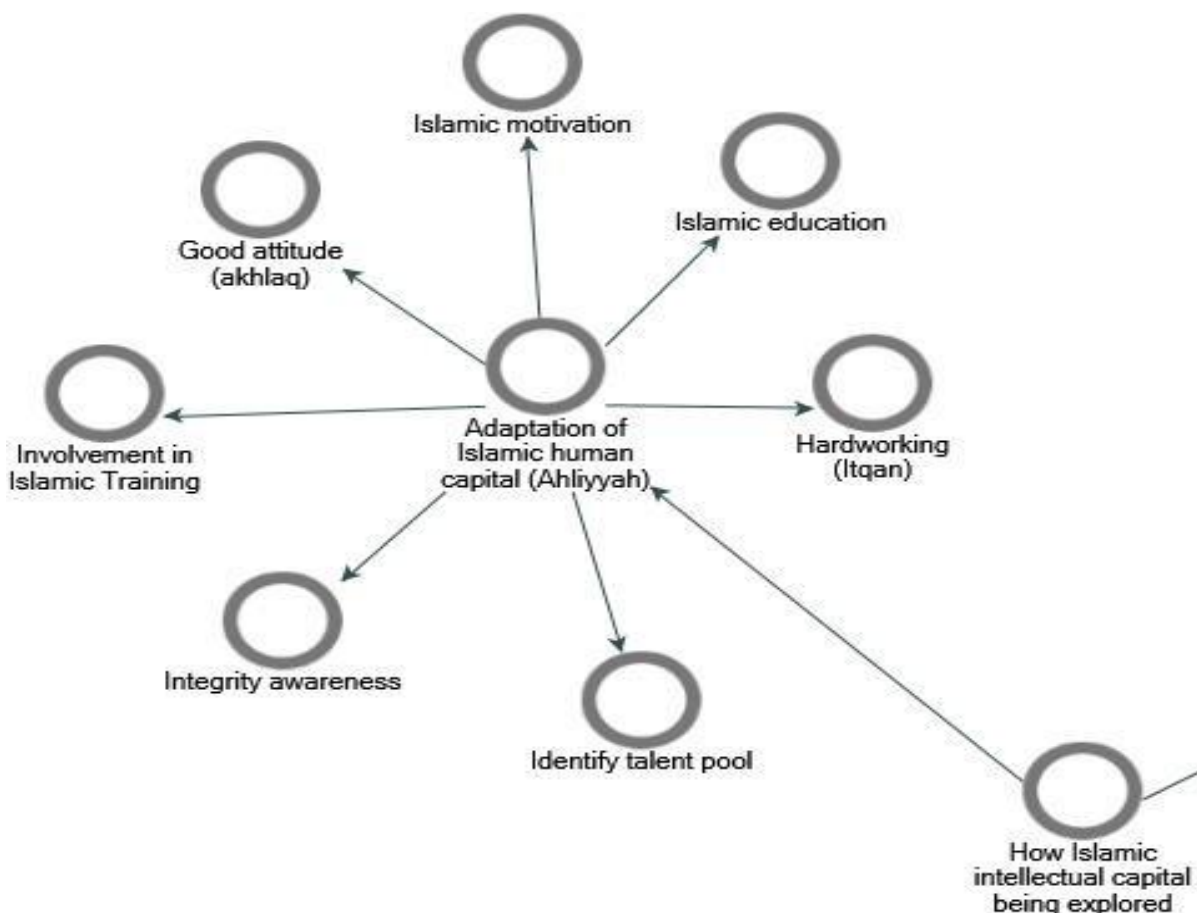


**Figure 1.** Model of Islamic Human Capital

# 3. Methodology

## 3.1 Research design

This study used a basic qualitative approach to collect and analyze data to answer the research questions, which aimed to explore how Islamic human capital (HC) being explored among SMEs Muslim in Malaysia. A basic qualitative approach is interested in (1) how people interpret their experiences; (2) how they construct their worlds; and (3) the meaning they attribute to their experiences (Merriam and Tisdell, 2016, p. 24). In qualitative research, the researcher is the main instrument for collecting and analyzing data. An interview guide was created for the purpose of conducting in- depth interviews, which were an opportunity to explore the Islamic HC among Muslim SMEs. The interviews were recorded using a voice recorder to ensure that rich data were obtained. The data were then transcribed verbatim and analyzed into groups so that themes could be identified.

## 3.3 Data collection and analysis

The respondents were from three zones include east west and central zone. After selecting and contacting participants, and prior to the actual interview session, we met with the respondents to introduce researcher and to build a relationship so that we could get some information about the social entrepreneurship activities conducted by the respondents (Merriam and Tisdell, 2016; Patton, 2015). This was done to build a sense of familiarity or rapport with the respondents so that they would feel more comfortable sharing information in the actual interview sessions. At the interviews themselves, the goals of the study and how the interviews would be conducted were explained to the respondents. The interview began with a question asking the informant about their background. The interviews used semi structured questions that were prepared before interview session by the researcher for a more in-depth interview session. Each interview was transcribed verbatim. The transcripts were then analyzed to determine codes, categories, and themes, which were identified manually. To assist in managing and analyzing the data, NVivo software was used, which helped to save time during the data analysis process.

## 3.4 Trustworthiness

Trustworthiness is a concept for determining whether a study is valid and reliable, and whether it investigated what it set out to do. As suggested by Merriam and Tisdell (2016), validity can be achieved by comparing descriptions and explanations to ascertain whether the explanations fit the descriptions perfectly. Validity is a hallmark of qualitative research, since it determines whether the findings are accurate from the standpoint of the researcher, the participant, or the reader (Creswell and Poth, 2018). In this study, validity was achieved by using an audit trail, member checks and peer examination. An audit trail refers to the steps adopted by the researcher at every stage of data collection and analysis.

## 3.2 Sampling

Respondents were selected among Muslim SMEs who hold the position as owners, founders or even managers from

23 organizations. Information about the participants was obtained through the list of SMEs that are registered with Malay Chamber of Commerce in Malaysia. The respondents were selected from different entrepreneurship sectors, such as food, health, beauty and saloon, hardware, printing, property, and retail. This study also appointed five religious' person (Ustaz) that give a guidance and advise on Quran and Hadith. Purposive sampling was used, whereby

specific criteria for selecting respondents were used. Participants had to (1) have a enterprise for a minimum of one years as a; (2) hold the top management position; (3) be easily contacted; and (4) be willing to take part in this study. Email, Facebook, telephone, and WhatsApp were used to contact respondents. After a participant's consent had been confirmed, a time, date and venue were set for the data collection. Before the interview began, the purpose of the study, the procedure of data collection, and the need for respondents to sign a consent form prior to participating in the study were briefly explained.

Furthermore, the researcher needs to document the preparation of the proposal, the construction of the interview protocol and questions, the data collection, and the process of analyzing the data. Member checks are used to reconnect the researcher to the respondents to verify consistency in the interpretation of the data (Silverman, 2013). The respondents in this study were subsequently contacted for clarification of the facts of the findings.

# Findings and Discussion

### 4.1    *Profile of Muslim SMEs*
In this study, the 23 respondents were involved. The respondents came from various sectors, such as food, health, beauty and saloon, hardware, printing, property, retail, and online business. The list of respondents in Table 1.

**Table 1** *Respondent profile*

| Leadership development | |
|---|---|
| **Integrity awareness** | **Sub-Theme** |
| Against corruption | |
| Avoid careless | |
| Avoid money laundering | |
| High integrity | |
| Not involving with shubhah income | |
| **Involvement in Islamic Training** | **Sub-Theme** |
| Attending marketing training | |
| Attending technical training | |
| Continuous training session | |
| Involve all staff in training | |
| Practicing business training with Islamic approach | |
| Provide online marketing training | |
| **Islamic education** | **Sub-Theme** |
| Islamic education is way of life | |
| Provide elderly Islamic education | |
| Provide Islamic lifelong learning | |
| **Islamic motivation** | **Sub-Theme** |
| Appreciate all staff achievement | |
| Consult problematic staff | |
| Encouraging staff achievement | |
| Give incentive to perform ibadah in workplace | |
| Motivation to work from reciting quran | |
| Motivation to work is from Allah | |
| Provide over time allowance | |
| Umrah package for incentive | |

### 4.2 How Islamic Human Capital being explored?

Based on the interview sessions, seven themes were identified to answer the research question. This consisted of seven sub-themes: (1) Good attitude (akhlaq); (2) Hardworking (Itqan); (3) Identify talent pool; (4) Integrity awareness; (5) Involvement in Islamic Training; (6) Islamic education; and (7) Islamic motivation. Sub-theme and category are further explained through the classification as presented in Table 2.

**Table 2** Theme and Categories

| State | Pseudony m | Years of operation | No. of employees | Sector |
|-------|-----------|--------------------|------------------|--------|
| Selangor | Malek | 10 | 40 | Food Supplement |
| Selangor | Firdauz | 3 | 2 | Hardware |
| Selangor | Maslina | 2 | 2 | Food |
| Selangor | Mariam | | 1 | Supplement |
| Selangor | Hazwan | | 100 | Retail |
| Kedah | Mursyahz ani | 20 | 6 | Printing |
| Kedah | Rahim | 3 | 2 | Interior design & Wall Planner |
| Kedah | Norbaszur ah | 5 | 0 | Online |
| Kedah | Nordin | 6 | 5 | Online Trader |
| Kedah | Subhi | 2 | 3 | Printing |
| Kedah | Faizal | 8 | 6 | Fresh Mart |
| Kedah | Rozaini | 7 | 32 | Hardware |
| Kedah | Khairi | 6 | 2 | Printing |
| Kelantan | Syazwan | 3 | 2 | Property |
| Kelantan | Halmahera | 2 | 3 | Food |
| Kelantan | Alif | 5 | 6 | Hardware |
| Kelantan | Ariati | 7 | 15 | Construction |
| Kelantan | Syadira | 5 | 3 | Retail |
| Kelantan | Rosnani | 16 | 6 | Beauty & Spa |
| Kelantan | Azuana | 4 | 0 | Online |
| Kelantan | Umar | 5 | 5 | Food |

### 4.3.1 Good attitude (Akhlaq)

The main objective of education in Islam is good attitude or akhlaq. Fundamentally, Darraz (1987) divided Islamic akhlaq include, in the individual, family institution, society, nationality and religion context. Ab Halim (2000) in his research has described akhlaq as a set of belief, regulation and system linked to moral actions and attitude that set a person's actions be it good or bad, right or wrong, and also accepted or not in Islam. Many may recognize that akhlaq is closely linked to a Muslim attitude towards Allah. Furthermore, good attitude (akhlaq) is essential for company's success.

Based on this study, there are several aspects found in akhlaq include positive attitude, practicing genitals covers in the workplace, practicing good behavior, proper attire, punctuality in work and responsibility. There is strong agreement by the respondents where they were practicing the good attitude among their employees. Mr. Umar highlighted:

Clothes have been my primary focus since the beginning of my recruitment process. Because the production area we do have their own attire. There is

| Adaptation of Islamic human capital (Ahliyyah) | Theme 1 |
|---|---|
| **Good attitude (akhlaq)** | **Sub-Theme** |
| Positive attitude | |
| Practicing genitals covers in the workplace | |
| Practicing good behavior | |
| Proper attirement | |
| Punctuality in work | |
| Responsibility | |
| **Hardworking (Itqan)** | **Sub-Theme** |
| Enthuasiastic | |
| Good attitude | |
| Walk the talk | |
| Work completition within time period | |
| **Identify talent pool** | **Sub-Theme** |
| High resilience | |
| Identify capabilities | |

only one person in charge of the management department. I explained to him that the clothes covered the genitals and so on.

The same arguments raised by Mdm. Rosnani who are doing beauty and saloon business and only have woman employees:

We are very careful about that morality. First of all, how to sit with regard to clothes. We must take care of how we sit. Outsiders see us, both women and men. We just need to be attentive. Now teenager wearing small clothes sometimes, until I can see their back, I'm not allow them wearing the small clothes. We got uniforms, sleeves, t-shirts, but wear inside. That t-shirt is really under the back.

Madam Syadira also very strict in her employee selection that can be look at her opinion on this aspect.

I'm focusing on attire. I want to take the staff first; I prefer to use it. If she comes to ask for a job, her clothes look like she's wearing a tight t-shirt, jeans, and hijab like a tie, usually, I'm rejected.

In other words, dressing Islamically can reduce a severe workplace problem like sexual harassment and thereby ensure good working environment. Allah has stated in the Quran that "women must guard their modesty". Say to the believing women that "they should lower their gaze and guard their modesty; that they should not display their beauty and ornaments except what must ordinarily appear there of" (Quran, 24:31). Allah also says:

Say to the believing man that they should lower their gaze and guard their modesty; that will make for greater purity for them, and God is well acquainted with all they do (Quran, 24:30).

Regarding responsibility, this concept is closely related to trustworthiness (amanah) (Guimba et al., 2011). But Shunnaq (2000) showed that the word mas'ūliyyah initiates from the root word sa'ala (asked), and therefore mas'ūl and mas'ūliyyah means responsible and responsibility, correspondingly. Mas'ūliyyah was a term used by the Prophet Muhammad SAW in one of the hadiths narrated by Abdullah Ibn 'Umar in which the Prophet said, "Every one of

you is a shepherd and is mas'ūliyyah (responsible) for his flock" (Sahih Bukhari). Therefore, mas'ūliyyah can be referred to as an individual responsibility (mas'ūliyyah alfard) and social responsibility (mas'ūliyyah ijtim_a'iyyah). The concept of mas'ūliyyah also refers to each people has individual and social responsibilities that must be contented. These responsibilities are like a trust (amanah), which will be questioned by God in the hereafter (Ramli et al., 2014). A person who has been instilled with the spirit of accountability will become a responsible person towards family, community, employers, and religion.

Likewise, this study believed an organization's success depends on the responsibility both employer and employees. Based on Qur'anic verses in surah al-Mutaffifin (83):1-3

### 4.3    *4.2.1 Hardworking (Itqan)*

Other criteria for Islamic HC found in this study is hardworking (itqan) comprised of enthusiastic, good attitude, walk the talk, work completion within time. As for enthusiastic, managers should be concern of this, because enthusiasm contributes goal achievement and increases the unity of the group (Lynn & Snyder, 2005). Prophet Muhammad s.a.w said:

Badwi Arabs who came to complain that his camel was missing. When asked, tethered or not, he replied no because he had put his trust in Allah. Then the Prophet said: وتوكل اعقلها
Meaning: "Tie first, then let rest to Allah".

The Holy Quran also says, "Allah does not change the condition of people until they have changed themselves" (13:11, 22:41). Allah (SWTA) further says "when Salat is complete, strike out into the earth and seek his bounty" (62:10). The Prophet Muhammad s.a.w. himself, used to pray seeking Allah's refuge from laziness or idleness. In fact, he is known as hardworking person before chosen as a messenger of Allah. This makes him the respect of his employer, Khadijah, who later planned marriage to him due to all the good criteria and values she saw in him.

Furthermore, good attitude is considered as a very essential cultural trait of all Muslims. The Holy Quran states, "The noblest of you in the sight of Allah is the best of you in conduct" (49:13). Good attitude can convert the enemy into friend. In the organizational life it is seen that this aspect is given high priority during employee recruitment. One of the respondents of this study also highlighted that attitude is become important factor in selecting employees:

Because we have the experience of previous staff. Finally, we want to look at it as a whole. Not only the attitude inside the office, but also at outside. Not to interfere, but we want to make sure that the people who work with us have no social problems at all. Just like that. Because there's going to be an effect, too, right? We do not want to be that way."

The findings also shows that the employers need walk the talk and lead by example to inspire and motivate their employee. As one of the respondents said:

Our employees follow what we are practicing.

### 4.3.2    *Identify talent pool*

The other essential criteria is talent pool comprised of high resilience, identify capabilities and leadership development. The term "leadership" has been defined in various ways. For example, Lohmann (1992) defined it as the development of a vision, and a climate of trust in the organization and empowering others (p. 59). It has also been defined as a process ذا يخسرون وزنواهم أو كالوهم وإذا ﴿٣﴾ يستوفون الناس على اكتالوا

الذين ۞ ويل للمطففين

by which individuals influence and drive groups in achieving a

common goal or outcome (Northouse, 1997). "Woe to those who cheat (in scales and measures), (that is) those who when they receive a measure from others, they take it with enough and (on the contrary) when they measure or weigh for others, they reduce"

In this study, Mdm Halmahera stated that:

Usually, I just get a reward. We are going to continue to share in that month if we get more. It's like they would not have waited long. They will be happy, enthusiastic, pleased. For the first employee, I am going to say you are the first, because I am going to take more new employees, I want you to be the leader. So, I do not want you to work normally, I want you to follow the company's development one day, the first level, I hope they can guide you. So, we are trying to create as a leader.

In addition, human capital management strategies that develop the employee's resilience contribute to organization resilience which supports organizations during turbulent and uncertain business and economic times (Mitaskis, 2019). Resilience is dynamic and represents both individual and the organization's adaptability (Denyer, 2017). For individuals, resilience results from processes that enhance resources accessible to the individual within the organization that fosters one's ability to be flexible, adaptable, and able to cope positively with unexpected events (Coutu, 2002).

### Integrity awareness

Integrity refers to something against corruption. If corruption is defined as the misapplication of entrusted power for personal and political purposes, then integrity means the use of public power for a purpose which is officially confirmed and justified by the public (Jeremy, 2007). From the Islamic perspective, integrity can be attributed directly and in parallel with the attributes of trust, honesty, faith, strong belief, powerful character, and noble manners. For believers, integrity at a high degree in the sight of God is piety that is doing what he was told and stay away from things that are prohibited (Ali, 2009). According to Ustaz Wan that were response to the respondent's question related to give present or entertain others to get project:

Right now, it's hard for us to determine the term corruption. If you want to know who all buyers are involved. So, right now, if some people have any 'preface' before they get any project. The important thing is, after that, if you want to celebrate anything.

The other respondent also agreed that encourage their employees reduced careless they have made as Ms Nordin mentioned:

Actually, I'm looking at the employee in terms of conversation, his actions and a tip, his own integrity. For instance, I share a look at the sandals. I saw him looking for the factory contractor himself. There, we see that he has integrity. Religious educators, that's just a look. He's really basic. We pray, he's joining us as a congregation. Aside from that, it's honesty. My dress isn't visible, I just look pretty normal. If he's a student, he's going out wearing a track suit. He makes sales, but he's making online sales.

In addition, the Prophet Muhammad s.a.w. says, "Surely Allah loves that when he does

something, he does it perfectly. As you mentioned, make a cake pie. So, because that was his job, he did his best. But I a person who may not have a feeling of guilt improves himself, he does it carelessly. If he thinks he's

wrong, he's trying to do his best. In fact, that's what's organized. Even the Prophet said the deeds that Allah loved, he said, "amanallazi

### Involvement in Islamic Training

Organizations should encourage their employees to gain additional skills and knowledge through training and development programmes. It enhances, the employee productivity and helps the employees to have better career opportunities. The Islamic ethical system makes knowledge compulsory for all. This knowledge does not refer only to basic Islamic knowledge, but rather it is also obligatory to possess knowledge and skill of the profession that is necessary to fulfill one's contract with his or her employer. Thus, Islam emphasizes on dual qualities in the workforce, the moral quality, and the professional quality (Sadeq, 1990). In Muslim SMEs context, there are various ways that can be conducted by managers such as attending marketing training, attending technical training, continuous training session, involve all staff in training, practicing business training with Islamic approach and provide online marketing training. Mdm Mariam encourage to participate in giving the training.

Well, because we are new. If we are going to have a class, teach where people want to listen. So we are looking for the Azizan Osman class, Cikgu June, we are calling people in. Sometimes people don't like us to teach. But if other people, Prof. Muhaya, teach, people like it.

### Mr Malek added

There will always be a session for the 'Subuh' lecture, it will be compulsory for every branch to attend, and there will always be a presentation, from the point of view of Islam, always a session for that.

### 4.2.5 Islamic education

One hadith reminds Muslims that "seeking knowledge is obligatory for every Muslim man and woman". In addition, three important elements in Islamic individual education which are tarbiya (nurture), tadib (discipline) and ta'alim (teaching) (Azmi, 2009). These aspects had been highlighted by classical (e.g., Al-Ghazali & Ibn Khaldun) and contemporary (e.g., Sayyed Hossein Nasr) scholars of Islam (Halstead, 2004). Besides that, numerous attentions cited in Al-Qur'an and Hadith on gaining knowledge to be successful,

i.e., seeking the knowledge and skills can make people go and achieve beyond the boundaries (the zones of heavens and the earth (Ar-Rahman). Allah says in Quran,

(al-Mujadalah, ع)هللاً ٰ الَّ ذى ن آ من وام ْن ك ْم والَّ ذى ن أوت واال ْل ع ْل م د ر جات rank one's increase will "Knowledge ف ْر11)

### 4.3.6 Islamic motivation

In modern times, the triggers to motivate an employee are bonuses, perks, and other incentives which are usually in monetary form. The employees are attracted towards these additional benefits, as a result they become more productive and efficient. But the teachings of Islam convey the message that work and religion itself are a great source of motivation for Muslims. Prophet (s.a.w.) taught that every human endeavor is an act of worship and charity.

A Muslim knows that when he is working, he is in way worshipping his lord and that is a powerful motivator irrespective of any material gain. Sources of motivation for Muslim workers are not confined to the higher standards of living and self- fulfillment but it encircles the fact that his work is a morally good deed which will ultimately help him to attain true success in this world and well-being in the hereafter. When a Muslim works with this meaningful objective, any reduction in the value of worldly and materialistic reward does not affect his motivational levels and performance.

For a Muslim, wages and other material benefits are a means to buy food, clothes, house, and fulfill the needs of his family. He does not consider it the return of labor, but he believes that his labor is worship and only Allah can recompense it (Kazmi and Ahmad, 2006). Heaven (Jannat) will be the reward received by a Muslim worker who will conduct his work on the guidelines of Quran.

This study found eight elements for Islamic motivation namely (1) appreciate all staff achievement; (2) consult problematic staff; (3) encouraging staff achievement; (4) give incentive to perform ibadah in workplace; (5) motivation to work from reciting Quran; (6) motivation to work is from Allah; (7) provide over time allowance; and (7) umrah package for incentive

### *One of the respondents said*

As far as I know, in the time of Rasul Ullah, if he wanted to praise him, he did not praise him. He has praised more than seven people. That's exactly what I have heard. Like me, we have got a group. We have people who have power, there are people who have no power. So we are not going to stick to the power that praises.

### *Another respondent also explained*

Right now, there are two parts. One of them, compassion, another performance. So, we have got to weigh. Importantly, whatever the SOP we are going to do, we are going to tell him to be ready. Your performance isn't good, if you feel like working here again, do it well. That's, for opportunities, do not stop right away. If you stop, it looks like there's no second chance. Now, if we are going to take any action, our employees know.

### *One interesting way of motivation by providing Umrah package for incentive*

Motivation, perhaps. This 'taqwa' motivation, its form, contributes more to business. He's trading, he's earning money. But what motivates him to be

'taqwa'. Please, spend more money, infak. From the employee's point of view, yes, he may have time to work from 8-5. But there may be times when he feels that he is motivated to do well, sometimes he stays back, a little late. Take some time to serve him better than that. Well, more or less so.

## Conclusion

It can be concluded that that there are seven important features in modelling Islamic IC that is believed will have positive consequences in organization to achieve competitiveness. Majority of the respondents stated the same arguments. That is, very important element that need to focus on. This study also proves that there is a strong relationship each criteria discussed aligned with Quran\n and Hadith. On a conclusive note, Islam teaches a good value embedded in a human being. As Muslim should practice their religion at workplace.

Moreover, this paper was conceived to contribute to the creation of a comprehensive Islamic IC framework due to the importance of Islamic concepts that need to be adopted to achieve competitiveness. The need for adapting these theoretical models to the new comprehensive model based on Islamic perspective justifies an effort in improving previous conventional models. This study shall, therefore, help the Muslim and non-Muslim organizations as well as to policy- makers to improve SMEs competitiveness. Academics and practitioners also could make a reference from this study to enhance the knowledge of human capital using Islamic perspective.

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