

**ISLAMIC MANAGEMENT PRACTICE
IN
ISLAMIC BANKS IN BANGLADESH**

GIFT

MD. KOLIM UDDIN

Reg. No. 378

Session: 2003-2004

Dhaka University Library



499694

499694

ঢাকা
বিশ্ববিদ্যালয়
গ্রন্থাগার

A Dissertation submitted to the University of Dhaka, in partial fulfillment
of the requirements for the Degree of M.Phil in Management.

Department of Management Studies

June, 2012

University of Dhaka

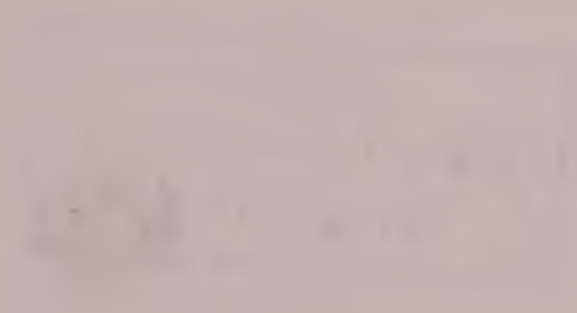
RB

332.1068

KOI

N.B

1988



Letter of Transmittal

Date: 24.06.2012

Dr. M. Ataur Rahman

Department of Management Studies

University of Dhaka.

Subject: Submission of M. Phil Report.

Sir,

It is my great pleasure to submit the M. Phil report titled Islamic Management Practices in Islami Banks in Bangladesh as per requirement of M. Phil. Program. I have completed the M. Phil report in Department of Management Studies, University of Dhaka.

The M. Phil program has given me the opportunity to learn about different aspects of a reputed organization.

Both the primary and secondary data have become used to prepare this report. I have acquired the valuable experiences through this M. Phil report under supervision of you. I would like to thank that University for giving me the opportunity to do report and for helping me to prepare the report.

Sincerely yours

499694

(Md. Kolim Uddin)

Roll no :5

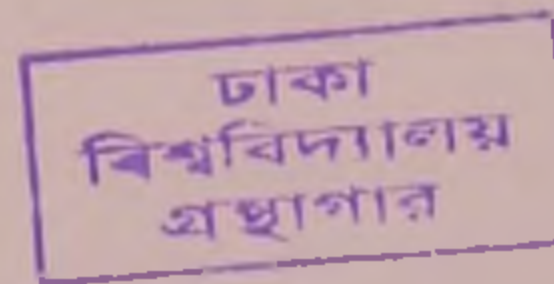
Reg. no : 378

Session : 2003-2004

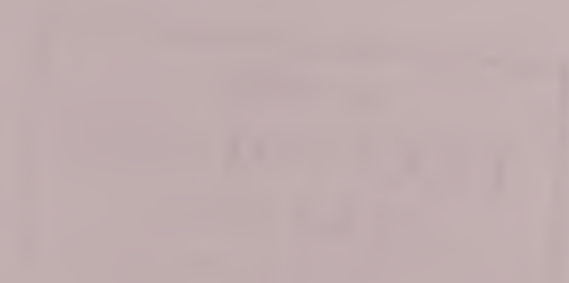
M. Phil

Department of Management studies,

University of Dhaka.



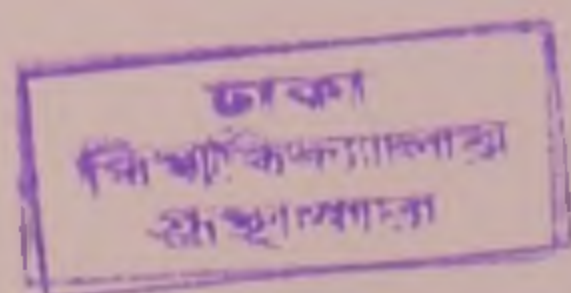
১৯৯৯



Executive Summary

499694

This report named "Islamic Management Practices in Islami Bank Bangladesh Limited". It has been prepared for the partial fulfillment of M. Phil. degree. It was asked to develop a report on "Islamic Management Practices in Islami Banks in Bangladesh" by Professor, M. Ataur Rahman of Department of Management Studies, Faculty of Business studies, University of Dhaka. As Islamic Economics and Islamic Banking concepts are established practically, now it is our obligation to establish Islamic Management as a distinct concept. In this report an attempt has been taken to define planning, organizing, staffing, leading, motivating and controlling. In brief, Islamic Management conducting activities depending upon the guidance of Allah (SWT) and his Prophet (SAW) with an accountable mentality, intensity and skill to achieve a predetermined objective. To say the truth, with the very touch of Islam, Management attained a complete shape. In the holy Quran and Hadith, we find a detailed indications about the type of management to be followed in solving various individual, familial, social, national and international problems. As the banks are inseparable part of present economic life, it is largest required to develop managerial practices. Special Islamic Banks are established on the basis of Islamic economic and managerial doctrine. In this report, chapter one includes Introduction, chapter two includes Research Methodology, chapter three includes Literature Review, chapter four includes Management from an Islamic perspective, chapter five includes Company Profile, chapter six includes Analysis and Findings, chapter seven includes Recommendation & Conclusions, chapter eight includes Appendix. So it has enough reasons to conduct a study on "Islamic Management practices in Islami Banks in Bangladesh."



১৯৯৯

The following information is provided for your reference. The details of the project are as follows:

The project is titled "Development of a New Product Line". It is a strategic initiative aimed at expanding our market reach and increasing our revenue.

The project is currently in the planning phase. We have identified the key areas of focus and are working on defining the scope and objectives.

The project is being managed by the Project Management Office (PMO). We will provide regular updates on the progress of the project.

If you have any questions or need further information, please contact the PMO at [contact information].

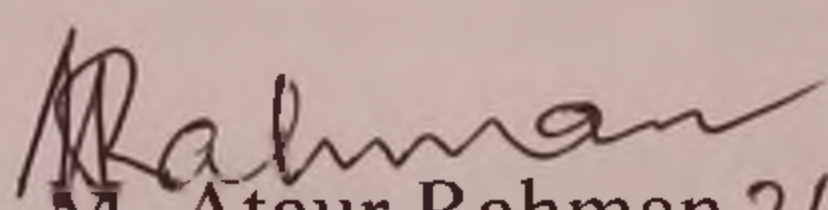
Thank you for your attention. We look forward to your feedback and support.

[Faint signature or stamp area]

CERTIFICATE

Certified that the thesis entitled “ Islamic Management Practices in Islami Banks in Bangladesh” has been prepared by Md. Kolim uddin under my supervision for submission to the Department of Management Studies, University of Dhaka for the degree of M.phil in Management. It is also certified that, it is entirely the work of the researcher and has not been copied from any source.

I have gone through the draft of the thesis and found it acceptable for submission.


Dr. M. Ataur Rahman 24.6.12

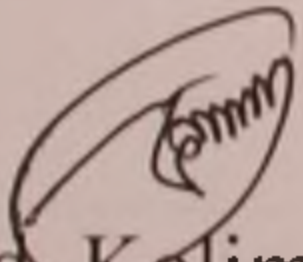
Professor

Department of Management Studies

University of Dhaka.

ACKNOWLEDGEMENT

All praises are to almighty Allah(SWT) for letting me complete this report work successfully in time. This report would not have been possible without the assistance and untold support of a number of individuals. I am indebted to them for their kind advice, suggestions, directions and co-operations that have enabled me to prepare this report. I feel proud to be assigned under the guidance of Professor Dr. M. Ataur Rahman, Department of Management Studies, Faculty of Business Studies, University of Dhaka, for his guidance, supervision and sympathy during the entire report work. I owe profound intellectual debt to my teacher for all his kind & cooperation and guidance in preparing this report. He provided insightful advice regarding ways to improve this report. His professional and practical experience enriched me to a great extent during the time of preparing the report. I firmly believe that without his valuable guidance preparing of this report would not have been possible. I would like to take the opportunity to give thanks to Mohammad Abdul Mannan, Managing Director, Islami Bank Bangladesh Limited and Mr. Md. Asheque Ahmed Jebal, Executive Vice President and Chief of Rural Development Division, Islami Bank Bangladesh Limited for his cordial assistance. I am also indebted to Mr. Mohammad Sirajul Alam, Vice President and Manager Amin Bazar Branch, Islami Bank Bangladesh Limited, for providing me relevant papers/documents to prepare this report. Finally, I express my deepest gratitude to the almighty Allah.


(Md. Kolim Uddin)

THE HISTORY OF BANGLADESH

The history of Bangladesh is a complex and multifaceted one, spanning centuries of diverse influences and events. From ancient times, the region has been a crossroads of trade and culture, with various empires and kingdoms vying for control. The British colonial period brought significant changes to the social and political structure, leading to the eventual independence of Bangladesh in 1971. This period was marked by a struggle for self-determination and the formation of a new nation. The post-independence era has seen rapid economic growth and social progress, but also challenges such as political instability and environmental issues. The history of Bangladesh is a testament to the resilience and spirit of its people, who have overcome numerous hardships to build a modern and vibrant nation.

Dr. M. A. Hossain
 Professor of History
 Dhaka University

Table of contents

SL.	Chapter Title and Contents	
1.	Chapter -1: Introduction	8-12
2.	1.1 Background of the study	9
3.	1.2 Statement of the problem	10
4.	1.3 Objectives of the study	11
5.	1.4 Limitations of the study	12
6.	Chapter -2: Research Methodology	13-17
7.	2.1 Population size	14
8.	2.2 Sampling frame	14
9.	2.3 Data collection	15
10.	2.3.1) Primary Sources	15
11.	2.3.2) Secondary Sources	15
12.	2.4 Data Tabulation & Analysis	16
13.	2.5 Variables covered	16
14.	2.6 Computer Software used	17
15.	Chapter -3: Literature Review	18-33

CONTENTS

PART I		
1	Introduction	1
2	Chapter I	2
3	Chapter II	3
4	Chapter III	4
5	Chapter IV	5
6	Chapter V	6
7	Chapter VI	7
8	Chapter VII	8
9	Chapter VIII	9
10	Chapter IX	10
11	Chapter X	11
12	Chapter XI	12
13	Chapter XII	13
14	Chapter XIII	14
15	Chapter XIV	15
16	Chapter XV	16
17	Chapter XVI	17
18	Chapter XVII	18
19	Chapter XVIII	19
20	Chapter XIX	20
21	Chapter XX	21
22	Chapter XXI	22
23	Chapter XXII	23
24	Chapter XXIII	24
25	Chapter XXIV	25
26	Chapter XXV	26
27	Chapter XXVI	27
28	Chapter XXVII	28
29	Chapter XXVIII	29
30	Chapter XXIX	30
31	Chapter XXX	31
32	Chapter XXXI	32
33	Chapter XXXII	33
34	Chapter XXXIII	34
35	Chapter XXXIV	35
36	Chapter XXXV	36
37	Chapter XXXVI	37
38	Chapter XXXVII	38
39	Chapter XXXVIII	39
40	Chapter XXXIX	40
41	Chapter XL	41
42	Chapter XLI	42
43	Chapter XLII	43
44	Chapter XLIII	44
45	Chapter XLIV	45
46	Chapter XLV	46
47	Chapter XLVI	47
48	Chapter XLVII	48
49	Chapter XLVIII	49
50	Chapter XLIX	50
51	Chapter L	51
52	Chapter LI	52
53	Chapter LII	53
54	Chapter LIII	54
55	Chapter LIV	55
56	Chapter LV	56
57	Chapter LVI	57
58	Chapter LVII	58
59	Chapter LVIII	59
60	Chapter LIX	60
61	Chapter LX	61
62	Chapter LXI	62
63	Chapter LXII	63
64	Chapter LXIII	64
65	Chapter LXIV	65
66	Chapter LXV	66
67	Chapter LXVI	67
68	Chapter LXVII	68
69	Chapter LXVIII	69
70	Chapter LXIX	70
71	Chapter LXX	71
72	Chapter LXXI	72
73	Chapter LXXII	73
74	Chapter LXXIII	74
75	Chapter LXXIV	75
76	Chapter LXXV	76
77	Chapter LXXVI	77
78	Chapter LXXVII	78
79	Chapter LXXVIII	79
80	Chapter LXXIX	80
81	Chapter LXXX	81
82	Chapter LXXXI	82
83	Chapter LXXXII	83
84	Chapter LXXXIII	84
85	Chapter LXXXIV	85
86	Chapter LXXXV	86
87	Chapter LXXXVI	87
88	Chapter LXXXVII	88
89	Chapter LXXXVIII	89
90	Chapter LXXXIX	90
91	Chapter LXXXX	91
92	Chapter LXXXXI	92
93	Chapter LXXXXII	93
94	Chapter LXXXXIII	94
95	Chapter LXXXXIV	95
96	Chapter LXXXXV	96
97	Chapter LXXXXVI	97
98	Chapter LXXXXVII	98
99	Chapter LXXXXVIII	99
100	Chapter LXXXXIX	100
101	Chapter LXXXXX	101

16.	Chapter -4: Management from an Islamic Perspectives	34-89
17.	Chapter-5: Company Profile	90-143
18.	5.1 History of IBBL	91
19.	5.2 Definition of IBBL	92
20.	5.3 Why IBBL	93
21.	5.4 Mission of IBBL	93
22.	5.5 Vision of IBBL	94
23.	5.6 Objectives of IBBL	95
24.	5.7 Function of IBBL	100
25.	5.8 Organogram of IBBL	101
26.	5.9 Modes of Investment Mechanism of IBBL	102
27.	5.10 Foreign Exchange Transaction of IBBL	125
28.	5.11 Other Existing Programs of IBBL	127
29.	5.12 Performance of IBBL	129
30.	5.13 Future Programs of IBBL	131
31.	5.14 Beauty of IBBL	132
32.	Chapter-6: Findings and Analysis	144-180
33.	6.1 Planning	147

1	Introduction	1
2	Chapter I	2
3	Chapter II	3
4	Chapter III	4
5	Chapter IV	5
6	Chapter V	6
7	Chapter VI	7
8	Chapter VII	8
9	Chapter VIII	9
10	Chapter IX	10
11	Chapter X	11
12	Chapter XI	12
13	Chapter XII	13
14	Chapter XIII	14
15	Chapter XIV	15
16	Chapter XV	16
17	Chapter XVI	17
18	Chapter XVII	18
19	Chapter XVIII	19
20	Chapter XIX	20
21	Chapter XX	21
22	Chapter XXI	22
23	Chapter XXII	23
24	Chapter XXIII	24
25	Chapter XXIV	25
26	Chapter XXV	26
27	Chapter XXVI	27
28	Chapter XXVII	28
29	Chapter XXVIII	29
30	Chapter XXIX	30
31	Chapter XXX	31
32	Chapter XXXI	32
33	Chapter XXXII	33
34	Chapter XXXIII	34
35	Chapter XXXIV	35
36	Chapter XXXV	36
37	Chapter XXXVI	37
38	Chapter XXXVII	38
39	Chapter XXXVIII	39
40	Chapter XXXIX	40
41	Chapter XL	41
42	Chapter XLI	42
43	Chapter XLII	43
44	Chapter XLIII	44
45	Chapter XLIV	45
46	Chapter XLV	46
47	Chapter XLVI	47
48	Chapter XLVII	48
49	Chapter XLVIII	49
50	Chapter XLIX	50
51	Chapter L	51
52	Chapter LI	52
53	Chapter LII	53
54	Chapter LIII	54
55	Chapter LIV	55
56	Chapter LV	56
57	Chapter LVI	57
58	Chapter LVII	58
59	Chapter LVIII	59
60	Chapter LIX	60
61	Chapter LX	61
62	Chapter LXI	62
63	Chapter LXII	63
64	Chapter LXIII	64
65	Chapter LXIV	65
66	Chapter LXV	66
67	Chapter LXVI	67
68	Chapter LXVII	68
69	Chapter LXVIII	69
70	Chapter LXIX	70
71	Chapter LXX	71
72	Chapter LXXI	72
73	Chapter LXXII	73
74	Chapter LXXIII	74
75	Chapter LXXIV	75
76	Chapter LXXV	76
77	Chapter LXXVI	77
78	Chapter LXXVII	78
79	Chapter LXXVIII	79
80	Chapter LXXIX	80
81	Chapter LXXX	81
82	Chapter LXXXI	82
83	Chapter LXXXII	83
84	Chapter LXXXIII	84
85	Chapter LXXXIV	85
86	Chapter LXXXV	86
87	Chapter LXXXVI	87
88	Chapter LXXXVII	88
89	Chapter LXXXVIII	89
90	Chapter LXXXIX	90
91	Chapter LXXXX	91
92	Chapter LXXXXI	92
93	Chapter LXXXXII	93
94	Chapter LXXXXIII	94
95	Chapter LXXXXIV	95
96	Chapter LXXXXV	96
97	Chapter LXXXXVI	97
98	Chapter LXXXXVII	98
99	Chapter LXXXXVIII	99
100	Chapter LXXXXIX	100
101	Chapter LXXXXX	101
102	Chapter LXXXXXI	102
103	Chapter LXXXXXII	103
104	Chapter LXXXXXIII	104
105	Chapter LXXXXXIV	105
106	Chapter LXXXXXV	106
107	Chapter LXXXXXVI	107
108	Chapter LXXXXXVII	108
109	Chapter LXXXXXVIII	109
110	Chapter LXXXXXIX	110
111	Chapter LXXXXXX	111
112	Chapter LXXXXXXI	112
113	Chapter LXXXXXXII	113
114	Chapter LXXXXXXIII	114
115	Chapter LXXXXXXIV	115
116	Chapter LXXXXXXV	116
117	Chapter LXXXXXXVI	117
118	Chapter LXXXXXXVII	118
119	Chapter LXXXXXXVIII	119
120	Chapter LXXXXXXIX	120
121	Chapter LXXXXXXX	121
122	Chapter LXXXXXXXI	122
123	Chapter LXXXXXXXII	123
124	Chapter LXXXXXXXIII	124
125	Chapter LXXXXXXXIV	125
126	Chapter LXXXXXXXV	126
127	Chapter LXXXXXXXVI	127
128	Chapter LXXXXXXXVII	128
129	Chapter LXXXXXXXVIII	129
130	Chapter LXXXXXXXIX	130
131	Chapter LXXXXXXX	131
132	Chapter LXXXXXXXI	132
133	Chapter LXXXXXXXII	133
134	Chapter LXXXXXXXIII	134
135	Chapter LXXXXXXXIV	135
136	Chapter LXXXXXXXV	136
137	Chapter LXXXXXXXVI	137
138	Chapter LXXXXXXXVII	138
139	Chapter LXXXXXXXVIII	139
140	Chapter LXXXXXXXIX	140
141	Chapter LXXXXXXX	141
142	Chapter LXXXXXXXI	142
143	Chapter LXXXXXXXII	143
144	Chapter LXXXXXXXIII	144
145	Chapter LXXXXXXXIV	145
146	Chapter LXXXXXXXV	146
147	Chapter LXXXXXXXVI	147
148	Chapter LXXXXXXXVII	148
149	Chapter LXXXXXXXVIII	149
150	Chapter LXXXXXXXIX	150
151	Chapter LXXXXXXX	151
152	Chapter LXXXXXXXI	152
153	Chapter LXXXXXXXII	153
154	Chapter LXXXXXXXIII	154
155	Chapter LXXXXXXXIV	155
156	Chapter LXXXXXXXV	156
157	Chapter LXXXXXXXVI	157
158	Chapter LXXXXXXXVII	158
159	Chapter LXXXXXXXVIII	159
160	Chapter LXXXXXXXIX	160
161	Chapter LXXXXXXX	161
162	Chapter LXXXXXXXI	162
163	Chapter LXXXXXXXII	163
164	Chapter LXXXXXXXIII	164
165	Chapter LXXXXXXXIV	165
166	Chapter LXXXXXXXV	166
167	Chapter LXXXXXXXVI	167
168	Chapter LXXXXXXXVII	168
169	Chapter LXXXXXXXVIII	169
170	Chapter LXXXXXXXIX	170
171	Chapter LXXXXXXX	171
172	Chapter LXXXXXXXI	172
173	Chapter LXXXXXXXII	173
174	Chapter LXXXXXXXIII	174
175	Chapter LXXXXXXXIV	175
176	Chapter LXXXXXXXV	176
177	Chapter LXXXXXXXVI	177
178	Chapter LXXXXXXXVII	178
179	Chapter LXXXXXXXVIII	179
180	Chapter LXXXXXXXIX	180
181	Chapter LXXXXXXX	181
182	Chapter LXXXXXXXI	182
183	Chapter LXXXXXXXII	183
184	Chapter LXXXXXXXIII	184
185	Chapter LXXXXXXXIV	185
186	Chapter LXXXXXXXV	186
187	Chapter LXXXXXXXVI	187
188	Chapter LXXXXXXXVII	188
189	Chapter LXXXXXXXVIII	189
190	Chapter LXXXXXXXIX	190
191	Chapter LXXXXXXX	191
192	Chapter LXXXXXXXI	192
193	Chapter LXXXXXXXII	193
194	Chapter LXXXXXXXIII	194
195	Chapter LXXXXXXXIV	195
196	Chapter LXXXXXXXV	196
197	Chapter LXXXXXXXVI	197
198	Chapter LXXXXXXXVII	198
199	Chapter LXXXXXXXVIII	199
200	Chapter LXXXXXXXIX	200
201	Chapter LXXXXXXX	201
202	Chapter LXXXXXXXI	202
203	Chapter LXXXXXXXII	203
204	Chapter LXXXXXXXIII	204
205	Chapter LXXXXXXXIV	205
206	Chapter LXXXXXXXV	206
207	Chapter LXXXXXXXVI	207
208	Chapter LXXXXXXXVII	208
209	Chapter LXXXXXXXVIII	209
210	Chapter LXXXXXXXIX	210
211	Chapter LXXXXXXX	211
212	Chapter LXXXXXXXI	212
213	Chapter LXXXXXXXII	213
214	Chapter LXXXXXXXIII	214
215	Chapter LXXXXXXXIV	215
216	Chapter LXXXXXXXV	216
217	Chapter LXXXXXXXVI	217
218	Chapter LXXXXXXXVII	218
219	Chapter LXXXXXXXVIII	219
220	Chapter LXXXXXXXIX	220
221	Chapter LXXXXXXX	221
222	Chapter LXXXXXXXI	222
223	Chapter LXXXXXXXII	223
224	Chapter LXXXXXXXIII	224
225	Chapter LXXXXXXXIV	225
226	Chapter LXXXXXXXV	226
227	Chapter LXXXXXXXVI	227
228	Chapter LXXXXXXXVII	228
229	Chapter LXXXXXXXVIII	229
230	Chapter LXXXXXXXIX	230
231	Chapter LXXXXXXX	231
232	Chapter LXXXXXXXI	232
233	Chapter LXXXXXXXII	233
234	Chapter LXXXXXXXIII	234
235	Chapter LXXXXXXXIV	235
236	Chapter LXXXXXXXV	236
237	Chapter LXXXXXXXVI	237
238	Chapter LXXXXXXXVII	238
239	Chapter LXXXXXXXVIII	239
240	Chapter LXXXXXXXIX	240
241	Chapter LXXXXXXX	241
242	Chapter LXXXXXXXI	242
243	Chapter LXXXXXXXII	243
244	Chapter LXXXXXXXIII	244
245	Chapter LXXXXXXXIV	245
246	Chapter LXXXXXXXV	246
247	Chapter LXXXXXXXVI	247
248	Chapter LXXXXXXXVII	248
249	Chapter LXXXXXXXVIII	249
250	Chapter LXXXXXXXIX	250
251	Chapter LXXXXXXX	251
252	Chapter LXXXXXXXI	252
253	Chapter LXXXXXXXII	253
254	Chapter LXXXXXXXIII	254
255	Chapter LXXXXXXXIV	255
256	Chapter LXXXXXXXV	256
257	Chapter LXXXXXXXVI	257
258	Chapter LXXXXXXXVII	258
259	Chapter LXXXXXXXVIII	259
260	Chapter LXXXXXXXIX	260
261	Chapter LXXXXXXX	261
262	Chapter LXXXXXXXI	262
263	Chapter LXXXXXXXII	263
264	Chapter LXXXXXXXIII	264
265	Chapter LXXXXXXXIV	265
266	Chapter LXXXXXXXV	266
267	Chapter LXXXXXXXVI	267
268	Chapter LXXXXXXXVII	268
269	Chapter LXXXXXXXVIII	269
270	Chapter LXXXXXXXIX	270
271	Chapter LXXXXXXX	271
272	Chapter LXXXXXXXI	272
273	Chapter LXXXXXXXII	273
274	Chapter LXXXXXXXIII	274
275	Chapter LXXXXXXXIV	275
276	Chapter LXXXXXXXV	276
277	Chapter LXXXXXXXVI	277
278	Chapter LXXXXXXXVII	278
279	Chapter LXXXXXXXVIII	279
280	Chapter LXXXXXXXIX	280
281	Chapter LXXXXXXX	281
282	Chapter LXXXXXXXI	282
283	Chapter LXXXXXXXII	283
284	Chapter LXXXXXXXIII	284
285	Chapter LXXXXXXXIV	285
286	Chapter LXXXXXXXV	286
287	Chapter LXXXXXXXVI	287
288	Chapter LXXXXXXXVII	288
289	Chapter LXXXXXXXVIII	289
290	Chapter LXXXXXXXIX	290
291	Chapter LXXXXXXX	291
292	Chapter LXXXXXXXI	292
293	Chapter LXXXXXXXII	293
294	Chapter LXXXXXXXIII	294
295	Chapter LXXXXXXXIV	295
296	Chapter LXXXXXXXV	296
297	Chapter LXXXXXXXVI	297
298	Chapter LXXXXXXXVII	298
299	Chapter LXXXXXXXVIII	299
300	Chapter LXXXXXXXIX	300
301	Chapter LXXXXXXX	301
302	Chapter LXXXXXXXI	302
303	Chapter LXXXXXXXII	303
304	Chapter LXXXXXXXIII	304
305	Chapter LXXXXXXXIV	305
306	Chapter LXXXXXXXV	306
307	Chapter LXXXXXXXVI	307
308	Chapter LXXXXXXXVII	308
309	Chapter LXXXXXXXVIII	309
310	Chapter LXXXXXXXIX	310
311	Chapter LXXXXXXX	311
312	Chapter LXXXXXXXI	312
313	Chapter LXXXXXXXII	313
314	Chapter LXXXXXXXIII	314
315	Chapter LXXXXXXXIV	315
316	Chapter LXXXXXXXV	316
317	Chapter LXXXXXXXVI	317
318	Chapter LXXXXXXXVII	318
319	Chapter LXXXXXXXVIII	319
320	Chapter LXXXXXXXIX	320
321	Chapter LXXXXXXX	321
322	Chapter LXXXXXXXI	322
323	Chapter LXXXXXXXII	323
324	Chapter LXXXXXXXIII	324
325	Chapter LXXXXXXXIV	325
326	Chapter LXXXXXXXV	326
327	Chapter LXXXXXXXVI	327
328	Chapter LXXXXXXXVII	328
329	Chapter LXXXXXXXVIII	329
330	Chapter LXXXXXXXIX	330
331	Chapter LXXXXXXX	331
332	Chapter LXXXXXXXI	332
333	Chapter LXXXXXXXII	333
334	Chapter LXXXXXXXIII	334
335	Chapter LXXXXXXXIV	335
336	Chapter LXXXXXXXV	336
337	Chapter LXXXXXXXVI	337
338	Chapter LXXXXXXXVII	338
339	Chapter LXXXXXXXVIII	339
340	Chapter LXXXXXXXIX	340
341	Chapter LXXXXXXX	341
342	Chapter LXXXXXXXI	342
343	Chapter LXXXXXXXII	343
344	Chapter LXXXXXXXIII	344
345	Chapter LXXXXXXXIV	345
346	Chapter LXXXXXXXV	346
347	Chapter LXXXXXXXVI	347
348	Chapter LXXXXXXXVII	348
349	Chapter LXXXXXXXVIII	349
350	Chapter LXXXXXXXIX	350
351	Chapter LXXXXXXX	351
352	Chapter LXXXXXXXI	352
353	Chapter LXXXXXXXII	353
354	Chapter LXXXXXXXIII	354
35		

34.	6.2 Organizing	154
35.	6.3 Staffing	159
36.	6.4 Controlling	173
37.	Chapter-7: Conclusions & Recommendations	182-185
38.	7.1 Conclusions	183
39.	7.2 Recommendations	185
40.	Appendix	186
41.	Bibliography	196

1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			
26			
27			
28			
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			
41			
42			
43			
44			
45			
46			
47			
48			
49			
50			
51			
52			
53			
54			
55			
56			
57			
58			
59			
60			
61			
62			
63			
64			
65			
66			
67			
68			
69			
70			
71			
72			
73			
74			
75			
76			
77			
78			
79			
80			
81			
82			
83			
84			
85			
86			
87			
88			
89			
90			
91			
92			
93			
94			
95			
96			
97			
98			
99			
100			

Chapter -One

Introduction

Chapter - One

Introduction

Background of the Study

In the age of economic development of the world business and commerce state is expanding. Scope of the business and commerce is growing larger in size and transactions relating to them are becoming more and more complex so that the range of competition is becoming wider with the changing economy of a country in particular and globe in general. Business changes are taking place very rapidly and business firms have adopted the changing situation in very short period of time for their survival. With a view to adapting the new situation, the business firms require graduates and postgraduates in order to carry out their activities smoothly for success.

Theoretical knowledge increases eagerness to know anything and practical knowledge opens the eyes of men. Knowledge and practical training go hand to hand. That is why it is very much important for the M. Phil. Students like us to acquire theoretical knowledge with the Islamic Management Practices in Islami Bank Bangladesh Limited. It is crying need to us to acquire practical knowledge as well for the partial fulfillment of the requirement for the degree of M. Phil. in Management students.

Statement of the Problem

Islam is a complete code of life. Although we do not find the term Islamic Management in the holy Quran & Sunnah directly, we find there many different techniques applied in Islamic dispensation by the Prophets, Islamic rulers & administrators in deferent times. If we analyze the evaluation and applications of the management history in this present competitive modern world we can easily guess that the present business management is somewhat incomplete and faulty management system. The principles introduced by Islam regarding the fundamental concepts in management are more advanced and fruitful than those of the traditional management. The Islamic Banks emerged as a banking institution whose system is exclusively inspired by Islamic Shariah, which discourages all interest bearing practices. The main objective is funding such types of banks for the establishment of novel, integrated economic financial system in which all operations and procedures are compatible with Islamic Shariah and which is capable of aiding of aiding the development and welfare of the country. As the Islamic Banks have some specialty regarding its operations and services, it requires Shariah based managerial alternatives for its smooth and spontaneous growth. Now, there are, however enough reasons to believe that a comprehensive study is essential to find out the level of practicing Islamic Management and its shortcomings and the ways of development in Islami Banks.

স্বাধীনতা সংগ্রামের ইতিহাস

স্বাধীনতা সংগ্রামের ইতিহাস

Objectives of the Study

1. Broad objectives:

To Evaluate the Islamic Management Practices in Islami Bank Bangladesh Limited.

2. Specific objectives:

- a) To evaluate recruitment policy, promotion, Training, pay and benefits, discipline and recruitment policies of Islami Bank Bangladesh Limited.
- b) To find out the weaknesses and inefficiencies of all these policies of Islami Bank Bangladesh Limited.
- c) To suggest some measures to overcome these weaknesses and inefficiencies of Islami Bank Bangladesh Limited.

Limitations of the Study

The present study suffers from some limitations. These are as follows:

1. Some of the respondents were afraid of providing answer/ information.
2. The authority was very busy, so they could not give me enough time for discussion about various problems.
3. At the time of preparing the report I tried to gather very details of process but the major limitation is lack of adequate information.

Scope of the Study

This study is Limited to manager or employees of Islami Bank Bangladesh limited working within the branches located in Dhaka City.

Chapter- Two

Research Methodology

2.1 Population size

Population is the total area of proposed research program.

In the present study total 100 respondents (bankers) were interviewed.

Out of which 50 respondents holding managerial position whereas remaining 50 respondents were employees of IBBL.

Total Population	100
Managers	50
Employees	50

2.2: Sampling frame

A short size of population is called sample.

In the present study respondents were selected on the basis of random sampling. For the purpose of sampling frame, the lists of managers and employees were collected and then arranged the enlisted respondents alphabetically.

2.3: Data Collection

The methodology of study will cover both the library and field research.

Primary and secondary source of data will be used accordingly for analysis.

For field research the Islamic banks working in Bangladesh will be included for data collection.

Primary Source

In primary source, this study will use the methods of analysis of

- i. Case study
- ii. Focused interview
- iii. Personal interview
- iv. Mail questionnaire
- v. Telephonic survey and
- vi. Field visit

Secondary Source

For collection data from the secondary sources, following sources were resorted.

- i. Policy paper/ guideline
- ii. Annual / periodical publications
- iii. Human resource policy
- iv. Internet
- v. Islamic banks journals and periodicals. For collecting, analyzing and presenting data of the study statistical tools & techniques, in consultation with the supervisor and statistician, were used.

2.4: Data Tabulation & Analysis

For this study, the use of multiple methods to examine the same dimension of the research problem has been applied. For example, whether planning of IBBL is effective and practical oriented or not. Finally, information gathered from different methods has been examined and combined through tabulation.

2.5: Variables Covered

The following variables will be covered for the achievements of study objects.

- ❖ Planning practices
- ❖ Organizing capability
- ❖ Staffing practices
- ❖ Recruitment policies
- ❖ Promotion policies
- ❖ Training policies
- ❖ Disciplining procedures
- ❖ Pay and benefits packages
- ❖ Labor Management relations
- ❖ Controlling

2.6: Computer Software Used

For the completion of this report following software has been used:

- i. Microsoft word, Windows XP
- ii. Microsoft Excel, Windows XP
- iii. Internet browsing software.
- iv. canon LBP-810 software
- v. Google search
- vi. Yahoo search
- vii. And other various software.

Chapter – Three

Literature Review

Literature Review

The literature designed in this study has been collected from various sources. In doing so, the researcher has been careful in utilizing only those materials written by the accepted authorities. The major sources of literature are as follows-

1. One study was conducted by Dr. Golam Mohiuddin on Islamic Management and its present applications in Islamic Organizations for the first time in Bangladesh that was a Ph.D. dissertation. The main and specific objectives were:

1. To define Islamic management.
2. Show the silent features of Islamic Management
3. To present the present supplications of Islamic Management.
4. Constraints and possible remedial measures of Islamic Management.

The main and specific Recommendations of the study were:

1. It has been observed that the quality of services of Islamic NGO's is to be developed. This can be done by the development of managerial Efficiency of the executives. The high officials must work as dynamic Leader with full job satisfaction.
2. The high officials must have the capability to manage the organizations Having complete sense of Islamic rules and regulations.

3. All decisions of the organizations must be taken following the Shuratic (Masawara) Management system.

4. Fund of Islamic NGO's both foreign and Bangladeshi is it be increased For taking intensive long term programmes and schemes for development of Islamic activities in different spheres of life for socio-economic growth of the country.

Major Recommendations for Islami Foundation were as follows:

Islamic Foundation is financed and controlled by the ministry of religious affairs for the spread of Islamic activities in all over Bangladesh. It is observed from the study that are a good number of high-ranking officials working in this organization. It is also observed that there is absence of brotherhood, tolerance, self-dedication and Islamic belief among the large number of officials. Conflict of interest is also prevailing in some places of the organization. Proper training for the development of Islamic sense among the officials should be arranged. Exemplary Islamic leadership should be developed for execution of projects, programmes of this organization. Shuratic (Maswara) decision making can give better result for the execution of various projects and progarmmes of the organization. Government should come forward with more financial assistance for this purpose.

Recommendations for Mosque ware

1. Steps should be taken to build up competent Imams for all the mosques of the country.
2. A committee of responsible persons of the area should run mosque.
3. To reduce the tyranny of motowallies initiative of local devotees and specific policy of government are needed.
4. The number of progammes should be increased where its necessary.
5. Monthly meeting of the managing committee is to be held regularly.
6. Every step of mosque management should be as per plan.
7. The accounts of the mosques should be kept properly and audit should be on regular basis.
8. Chairman should be selected considering their ability to manage the mosque.
9. The Wakf-state of the government should come forward to take proper step so that the properties of the mosque are not misused.
10. Proper training should be provided to the Imams so that they can efficiently manage the activities of the mosques.
11. Honorarium should be increased for Imams and Moazzins so that they can get satisfaction and work whole heartedly for the development of mosques.

12. To spread the influence of the personality of the Imams on the society they should participate in the social works.
13. presence of shuratice (Maswara) management in the mosques can help to solve a lot of problems of the mosques.
14. Various village development programmes of the government, NGO's should be executed through the mosque-management committees. It will ensure proper utilization of funds of the government for socio-economic development of the country. In this regard health and sanitation programme can be effectively organized.

Comments: The theme of the article is praiseworthy and this sort of study need to be done further in academic domain.

2. Another study was conducted by Mahmood Ahmed on Growth of Industrial Entrepreneurship in Bangladesh: (A Study of Bank Financed Engineering Industries) that was a Ph.D. dissertation the main and specific objectives of the study were:

1. The environment for entrepreneurship growth in selected engineering industries.
2. To delineate the effect of bank finance on entrepreneurship growth in these industries.
3. To analyze the backgrounds of the entrepreneurs .
4. To measure growth of industrial entrepreneurs.

5.To ascertain the relationship between the entrepreneurs background and entrepreneurship growth. And.

6.To make recommendations future growth of industrial entrepreneurship in engineering industries of Bangladesh.

The main and specific Recommendations of the study were

01.To Increase SME &Agricultural Investment

2. To Expand the Online Banking

3. To Innovation Islamic Money Market

4.To Buildup the Skilled Bankers

5.To Market Share Expansion

6.To Increase Regional Leadership

7.To Convert the Model Banking

Comments- We can moderately agree with the articles although it needs deep exploration of issue.

3.Third the study was conducted by S.M Ali Akkas on Relative Efficiency Of Conventional And Islamic Banking Systems In Financing Investment. That was a Ph.D. dissertation the main and specific objectives of the study were-

1.To find Out which one of two systems is more efficient in Financing investment up to the full investment opportunity level of an economy.

- 2.To see which one of the two systems is more efficient in allocating scarce investible funds to the social optimum level.
- 3.To examine which one ensures more distributive justice in the process of financing investment.
- 4.To investigate which one is relatively less vulnerable to cyclical fluctuations,
- 5.To verify which one is superior in terms of operational efficiency and finally.
- 6.To recommend policies to be adopted by Islamic bank for increasing their efficiency level while carrying out banking operations within conventional banking framework.

The major findings of the study were

In the previous chapters essentially two approaches were followed analyzing relative efficiency of the conventional and the Islamic banking systems in financing investment . The first approach dealt with theoretical handling of the problem by resorting to static analytical framework which means a study of comparative efficiency of the two systems of banking under the assumption that they operate separately in two different economies . The second approach , on the other hand, analyzed the relative efficiency of the two systems of banking under study from a dynamic perspective denoting that Islamic banks were operating under completely a conventional banking environment. This

approach demonstrated the process of deteriorating efficiency of Islamic bank 's operating under unventional banking system and abashed the underlying reasons. The empirical survey Conducted in this connection was aimed at proving or disproving the findings derived from the second approach. As to the first approach, Islamic banking was fund to be more efficient than it is conventional counterpart in terms of all the efficiency criteria.

Comments- The theme of the article is praiseworthy and this sort of study need to be done further in academic domain

4. Another study was conducted by Md. Motiur Rahman on Foreign Exchange Transaction in IBBL that was a M.Phil dissertation. The specific objectives of the study were:

1. To know the Foreign Exchange Transaction.
2. To know the Condition of Foreign Exchange Transaction.
3. To know the Quality of Foreign Customer
4. To know the Standard of Foreign Customer
5. To know the Problems of Foreign Exchange Transaction
6. To know the Achievement of Foreign Exchange Transaction
7. To know the Problems and Prospects of Foreign Exchange Transaction

The main and specific Recommendations of the study were

1. To Increase SME & Agricultural Investment.
2. To Expand the Online Banking.

3. To Innovation Islamic Money Market .

4.To Buildup the Skilled Bankers

5.To Market Share Expansion

6.To Increase Regional Leadership.

7.To Convert the Model Banking

Comments- We can moderately agree with the articles although it needs deep exploration of issue.

5.Another study was conducted by Prof Dr Muhammad Loqman and Mr .Md . Shawkat Imran on Islamic Management :The Creed of Modern Management: A Theoretical Study. That was a Ph.D. dissertations. The major objective of the Study were:

1.To highlight the concepts and conceptual approaches of modern management which were developed the past centuries .

2.To discuss the ides, thoughts and principles of Islam being related to management.

3.To focus the application of ethics in management and the related moral theories developed in the field of normative ethics .

4.To examine the scope and objectives of individual development in Islam for efficient and honest management of institutions and organizations .

5. To build up framework for development of individuals .

6. To integrate the universal values of Islamic Management with the creed of modern management. The major findings of the study were

In this section, findings in the light of the objectives stated above and discussion and analysis thereof have been presented keeping in view the creed of modern management as the main theme of Islamic Management dedicated to the welfare of the individuals, institutions and organizations. Management is most probably the oldest of all economic activities. The practice of Management has existed since the dawn of its civilization. First started in prehistory when man found that though collective efforts in their hunt for food, they could win large games. Right from prehistoric tribal life, from which evolved or emerged larger and more complicated organizations and institutions such as armies, governmental bodies, tribunals of justices, trading company and church hierarchies to the feudal system in the medieval period and industries. Revolution in the 18th century, the skills of management are involved. Further as a subject, management has an affinity with religion, economics and politics. It is considered as the core of all public and personal activities. In the words of Claude S. George, today, management is considered as the determiner of our economic progress, the employer of educated mass, the amasser of our national defense and molder of our society. However, until the beginning of the 20th century, it was not recognized as a distinct discipline. Although the practice of

management is an ancient art the study of the process of management is a very recent development. Its study started during the Industrial Revolution when a great number of people got together to work in factories on the very principle of specialization and division of labor.

Comments- We can moderately agree with the articles although it needs deep exploration of issue.

6. Another study was conducted by Syed Mohammad Akther PCMA & Farid Ahammad Sobhani on Organizational Leadership From Islamic Perspective .that was a study. the major objective of the Study were-

1. To focus on the concept of organizational leadership .
2. To distinguish between western and Islamic leadership .
3. To identify the basic characteristics , principles and qualities of Islamic leadership .
4. To examine the leadership styles especially , Management Grid Theory and Leadership continuum from Islamic points of view .
5. To justify Team Building and Team Spirit under Islamic organizational Leadership .
6. To suggest a Model of Management leadership from Islamic perspective,

The major findings of the study were

Now a days, leadership is being considered as a key factor the success of any organization . The Muslim managers of global business world

must possess Islamic leadership skills to the competitive market. In today demanding and dynamic leadership requirement, managers who are incompetent in an organization must be willing to constantly upgrade their skills. There is no doubt that continuous efforts to acquire skill lead a manager to become a successful leader. Teamwork under an effective leader is recognized as a vital force in achieving organizational goals and objectives. The success of a team is dependent on the group efforts under a team leader. A team member in an Islamic organization must be willing to sacrifice his opinion if needed for the greater interest of the team.

Comment- We can moderately agree with the articles although it needs deep exploration of issue.

7. Another study was conducted by Dr. Md. Nazrul Islam & Mohammad Mizanur Rahman on A traditional and Islamic styles of Management A comparative study that was a study. The major objectives of the study were as follows:

1. To Make brief study on the traditional management style in the world.
2. To make and Islamic Management style.
3. To make a comparative study of Islamic management and traditional management style.
4. To Show the prospects and problems traditional management in moderating to the Islamic management.

5. To give recommendations and policy suggestions for the application of Islamic management style in the traditional management style, style in the traditional management style.

The Major Findings of the study were:

The foregoing study shows that there are two types management in the world the traditional management style and the Islamic Management style. The traditional management style have no would wide universal principal. Each country has distinctive Management style depends on its culture viz unique planning., organizing, staffing, decision making , and controlling. Planning in the Japanese management is long term oriented while it s short term oriented in American management, again in Chinese management planning is short term as well as term oriented based on situation. Collective decision making process from top to bottom and bottom to top in Japanese management, though this decision taken slowly but implement very fast by them. In American management swift individual decision is encourage taken by top management and implementation process is very slow while Chinese management take the decision by the committee as well as individual both in top and bottom level and his decision making process as well as implementation process is slower compare with the Japanese management.

Comments: The theme of the article is praiseworthy and this sort of study need to be done further in academic domain.

8. Another study was conducted by Md. Shariful Haque & Md. Moazzamm Hossain Khan on an Islamic Model of promotional Mix; A study on advertising that was a study. The main objective of the study were- The paper attempts to focus on the Islamic Model of adverting an important promotional tool. So, the evaluation is carried out aiming to achieve some objectives. They ware as follows:

1. To know about the p[resent status of advertising.
2. To know about the critics views about advertising.
3. To identify the causes that make the adverting unsafe and jeopardizing.
4. To know how advertising can be fair in touch with Islamic principles of advertising.

Some findings based on questionnaire:

We have conducted a study with the attached questionnaire and got some valuable information from the respondent. We have set 10 questions out of which 7 questions are directly related with the advertising and 3 questions for the personal information of respondents. the sample size 30. All of them are business graduate from different universities. It was randomly selected. We found that 97% of the respondents watch advertising 40% OF them watch always and 60% watch sometimes. 93% pay due attention to ads, 7%

don't, Ads make effect on purchasing decisions of 83% people. The following types of ads got emphasis.

Comments- We can moderately agree with the articles although it needs deep exploration of issue.

9. One the study was conducted by Afroza Bulbul on Quality people for Quality Management Contribution of Islam that was a study. The major objective of the study were :

1. To explain briefly the historical development of TQM
2. To explain the concept of TQM and
3. To explain the contributions of Islam to build up quality people for TQM organizations.

The major finding of the study were:

From the discussion of the above section it is found that the development of Total Quality Management is the demand of the hour. To ensure TQM in any organization, good quality people must be needed. From the glorious history of Muslims it is observed the during the period of Nobuwath, prophet Muhammad (SAW) made a lot of best quality people (people of gold) by the guidance of Allah through the Holy Quran. A lot of verses of the quran and sayings of prophet (SAW) are indicating the ways to build up good qualities amo9ng the people and the importance to be good quality people in this earth. if the people can follow the directions from Quran and Sunnah, they will be able to become people with good quality morality who can only

ensure the TQM in the organizations in a true sense. It is recommended in this paper that to ensure TQM in any organization, Islam has a great guideline to build up such quality people and if one can follow the guidance of Islam he/she must be good quality people.

Comments: The theme of the article is praiseworthy and this sort of study needs to be done further in academic domain.

Chapter- Four

Management from an Islamic Perspective

Islamic Management

Before defining Islamic Management, we should define islam.

Islam is the complete code of life. It is the only religion in the world which is prescribed by the Almighty Allah and rules and principles are directed by the holy Quran. These rules, direction and principles have been successfully implemented by the prophet Muhammad (S)

1. Islamic Management is a process of getting things done by others by legal or lawful works.
2. Islamic Management is a process of getting things done by others by applying only the rules and principles prescribed by the Islamic Shariah.

Importnce of Management in islam.

Islam is a discipline bound religion (Code of life). Without proper management of anything discipline can hardly be established. Therefore, some points of importance of islamic management may be discussed in shorts as follows:

1. **Ensures efficiency:** Islamic management is always in favor of efficiency.

Inefficiency is seriously disliked in islam. Islamic Management, therefore , tries to ensure efficiency in all activities in all

organizations. If any person fails to show efficiency, he may be given proper training or counseling.

2. **Organizational success:** To maximizing organizational success, Islamic Management takes every steps from the very beginning. After determining the goal of the organization, management increases the amount success by achieving that set goal.
3. **Productive human effort:** Islamic Management is important to create productive human resources and maintains their effort. Because, Islamic management believes that any negligence and misuse of efforts or skill are not acceptable to the Almighty.
4. **Utilization of resource:** Islamic Management always emphasizes proper utilization of physical, material and human resources. Improper utilization leads to wastage and opposite to gratefulness to Almighty.
5. **Use of technology:** Islamic Management is never against technology rather it is very much in favor of use of all technologies facilities. Even if it is local or homogenous technology, Islamic management encourages it. At the time it tries to reduce dependence on foreign countries for sophisticated technologies for a long time.
6. **Good LMR:** Islamic management ensures good labor management relations in the organization. It believes that without good LMR favorable working environment can't be ensured and mutual cooperation is not possible.

7. **Large scale production:** Islamic management ultimately achieves the target of large scale production. If every activity is performed appropriately, every goal is fulfilled and all levels of management ensures cooperation, large scale production achievable.
8. **Social responsibility:** Islamic management is much more socially responsible. It can never ignore its responsibility or can't show negligence in discharging the assigned responsibly. Thus every unit of the organization becomes socially responsible.
9. **Establishment of discipline:** In every organization, discipline is the precondition of any progress, In an indiscipline or haphazard situation progress can't be ensured therefore, Islamic management establishes discipline first.
10. **Improving ethics:** Ethics is a very new term in business and management are with ethics everything can be performed honestly and as per desire and in minimum cost.
11. Ethics protects all unfair means and deeds. Ethics ensures self control and lessen need for supervision.
12. Islamic management's always maintains high level of business ethics.

Objectives of Islamic Management

1. Universal objects

- a) Earning profit
- b) Ensuring deployment
- c) Improving standard of living
- d) National development

Supplementary objectives

- a) Improving efficiency
- b) Ensuring discipline
- c) Reducing wastage
- d) Increased productivity
- e) Expansion market
- f) Improved LMR
- g) Maximum customer service
- h) Improved new management techniques
- i) Maintaining working condition

Functions of Islamic Management

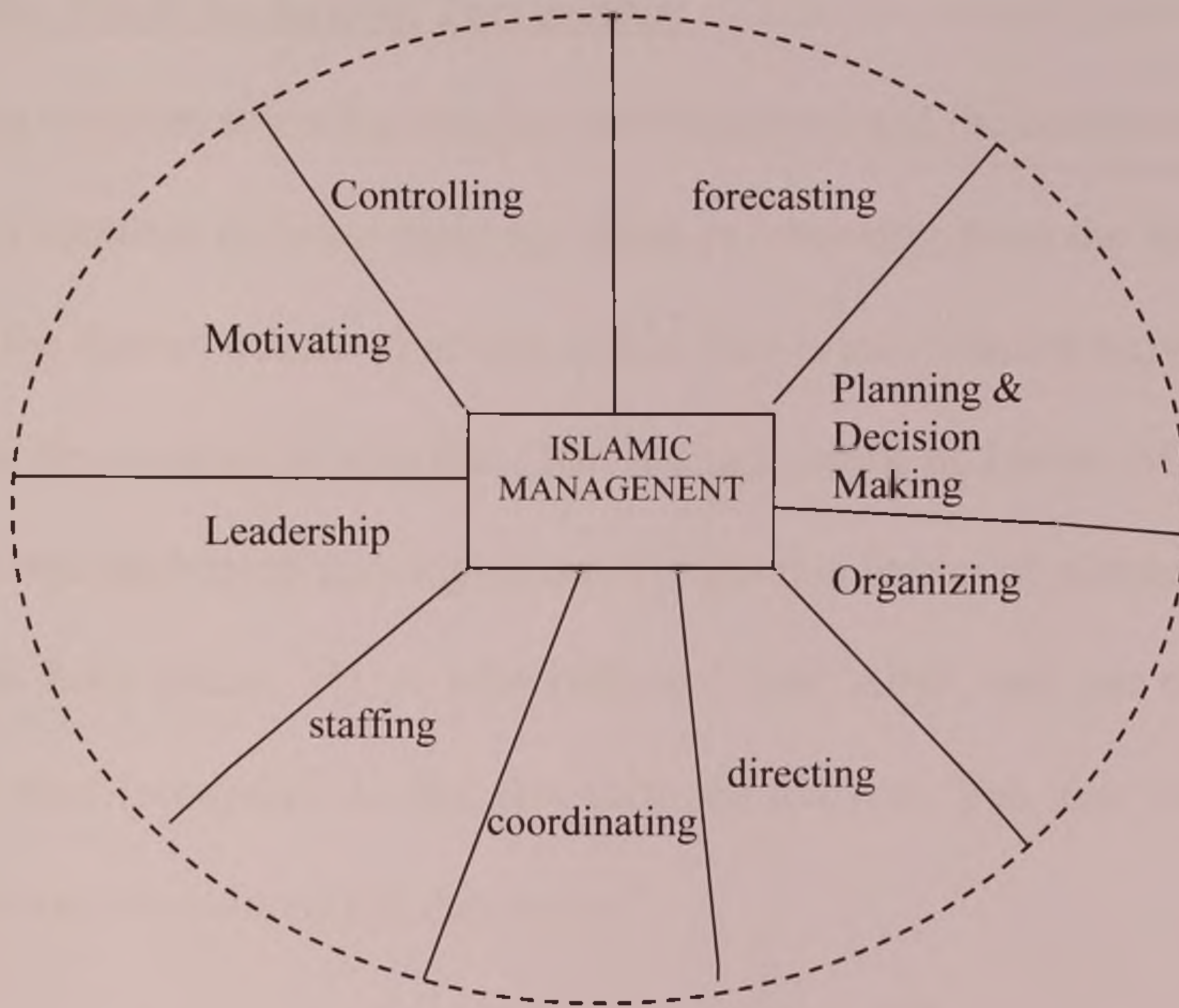


Figure:01

Source: Dr.M.Ataur Rahman, Islamic Management & Business.

P.04

Planning From An Islamic Perspective:

Planning involves selecting mission and objectives and the actions to achieve them; it requires decision making, which is, choosing from the alternatives among the futures course of action. It is a blue print of future activities. It is vital for the success in activities. Not a single work of Hazrat Muhammad (SWA) was haphazard and unplanned. He got this lesson of planned activity from the holy Quran. "O ye who believe ! Fear Allah, and yet every soul look to what (provision) he has sent forth the morrow. Yea, fear Allah . For Allah is well acquainted(all) that ye do."

Here the word morrow means the next day. Allah Himself gives importance to working with a calm and composed mind and in a planned way: "verily your lord is Allah, who created the heavens and the earth in six days since Allah (SWT) can create everything by uttering "Kun Faiyakun," His resorting to six days for the creation of whole world should be a hint of planned activity to the wise in another verse Allah (SWT) says " I am not ignorant about my creatures." Referring to the spotless and planned activities of Allah (SWT), He declares- "He who Created seven heavens one above another; No want of proportion wilt thou see In the creation of the most gracious. So turn thy vision again: sees thou any flaw? Again turn thy vision a second time: (thy) vision will come back to the dull and Discomfited, in a state worn out"

Hazrat Ali (AR) said: “ plan your work daily, because every day comes with New concerns “ **About planned activity Hazat Abdulla Ibne Faroque Said-** You do the earthly in such a way that you will remain alive for ever and the Work of the hereafter in such a way that you will die soon. For the planned activity Thinking is a must, which has been declared as high quality of prayer: “ The Thinking of a single moment about the creation of Allah is better than the Prayer of thousand years.

Principles Of Islamic Planning:

In order to accomplish managerial functions planning must be needed some Principles in Islamic way. The followings are the principles of Islamic planning:

a). Setting lawful objectives: Islam does not advocate formulating any irrational objective. Plan should be bearable and justified. Allah (SAT) says “On no soul both Allah placed a burden great than it can bear”. Prophet (SAW) always took such kinds of decision which are reasonable and consistence with his capacity.

b). Making plan in participative and consultative process:

A plan may become ineffective if the employees do not extend their wholehearted Co-operation to the planning process. Prophet (Saw) always formulated decisions In planning in participative and consultative process. The war of Badar, Ohud and Khandak are the practical examples. More over Allah (SAW) hints to practice Consultative Management “Those who respond to their lord and establish regular and consult their mutual affairs.

c). Setting plan in clam and composed mind:

Allah (SAW) says-“We have created the earth and the heaven with in six days.

From the above verse it is observed that Allah (SAW) likes to perform activities

In a calm and composed mind.

d). Should be aware of the facts and situation: About the planned activities

Allah (SAW) says-“ I am not ignorant about my creature. Prophet (SAW)

Always took decisions by observing the full situation bad waited until

Allah (SAT) sent the revelation.

e). Depending upon Allah: It has been pronounced in the Holy Quran that

Allah loves those who depend on Him. The Prophet (SAW) of Allah would

Say-“Allah the almighty is enough for us and he is our best administrator”.

This is called Yawakkul, which is the cardinal assistance for the virtuous

(Moment) in attaining the goal. Manager will formulate plan but for the result he Will depend upon Allah.

Organizing: An Islamic Perspective:

Organizing and delegating the responsibility and grouping the works to be performed, defining and delegating the responsibility and authority and establishing relationship fir the purpose of enabling people to work most effectively together in accomplishing objectives.

Here the elements of organizing discussed briefly:

a). Authority :

Authority is the right to do something, or get someone else to do it, in order to Reach organizational objectives. It can be compared to the nervous system of The human body. The term authority has not been used in Islamic materials. Islam uses the term “in charge”. It emphasized discipline and obedience. Allah (SAW) said: Oh you who believe! Obey Allah and obey the messenger, and those in charge among you. In case the order clearly contradicts the purpose of the organization, the subordinates shall immediately discuss this matter with their manager. If the manager insists on the order will become a duty of the subordinates to disobey him/her. Prophet Muhammad said: Let not any one of you be a blind follower who says if people do good, I will do the same, and if they do wrong, I will do the same.

But you should stick to righteousness. It is the managers' role to make sure that the jobs they assign are behaviorally and

Technically feasible. There is a famous Arab Idiom that says "If you want to be obeyed give feasible orders". Allah (SAW) said: On no soul doth Allah place a burden greater than it can bear. Authority in Islam is limited within the framework of the mission of Muslims and the interest of the organization. Furthermore, authority in Islam is limited by the culture of participative decision making which induces better quality and better productivity. Finally, authority is balanced by the process of enjoining What is right and forbidding what is wrong.

b). Responsibility:

Responsibility means the obligation owed by subordinates to their superiors for exercising

Organizing:

1. Prof Haney- (Organization is harmonious adjustment of specialized parts for the accomplishment of some common purpose or purposes.)
2. J.L.Massie- Organization will be defined as the structure and process by which a co-operative group of human beings allocates its task among its members, identifies relationships and integrates its activities toward common objectives"

3. Organization as (1) the identification and classification of required activities, (2) the grouping of activities necessary to attain objectives, (3) the assignment of each grouping to a manager with the authority necessary to supervise it, and (4) the provision for co-ordination horizontally and vertically in the organization structure.

Organizing: An Islamic perspective

Organizing is the process of identifying and grouping the works to be performed, defining and delegating the responsibility and authority and establishing relationship for the purpose of enabling people to work most effectively be together in accomplishing objectives.

Element of organizing

- (a) Authority: Authority is the right to do something, or to get someone else to do it, in order to reach organizational objectives. It can be compared to the nervous system of the human body. Allah (SWT) says: On no soul doth Allah place a burden greater than it can bear.
- (b) Responsibility: Responsibility means the obligation owed by subordinates to their superiors for exercising authority delegated to them in a way to accomplish results expected. The prophet (SAW) said : *Behold! Each one of you is a guardian and each one of you will be asked about his subjects.*
- (c) Delegation: Delegation is the process by which managers allocate authority downward to the people who report to them and assign

responsibility form how authority is used. Prophet Muhammad(SWA) used to obey his delegated subordinates saying that it's just like obeying him.

- (d) **Accountability:** principles of Accountability should be breed for every employee of the organization. Almighty Allah (SWT), side by side he is also accountable to his immediate boss.

Staffing : An Islamic Perspective

Staffing are throughout the whole activities of HRM. These prescriptions are summarized in the following points:

- 1.HR planning must be properly formulated.
- 2.Recruitment and selection should be fair.
- 3.Only qualified employees must be selected.
- 4.Fairness must be maintained while promoting ,transferring etc. of employees.
- 5.In case of semi-skilled/unskilled employees proper training must be given.
- 6.Only deserving candidates should be nominated.
- 7.Fair evaluation and performance appraisal system should be established .
- 8.Reasonable opportunities are to be provided for career development.
9. Proper remuneration scale should be established.
10. Reasonable benefit packages should be awarded.
- 11.Proper health are facilities should be provided.

12. Good LMR must be maintained.

13. No unfair labor practices on the part of employer and employees are allowed.

14. Indiscriminate disciplinary action should be taken.

15. After retirement employees must be able to maintain standard of living.

Motivation: An Islamic perspective:

Motivation may be defined as the willingness to work whole-heartedly and sincerely for the prosperity of the organization. Among the motivational tools of Hazrat Mohammed (SAW), the best one is the holy Quran. The disciples of Prophet (SAW) moved to their destination being attracted by the heart-touching saying of the holy Quran: "Be quick in the race for forgiveness from your lord and for a garden whose width is that (of the whole) of the heavens and of the earth, prepared for the righteous." "At the same time, they were insisted on leaving the path of sin by reminding them of the punishments in hell." And fear the fire, which is prepared for those who reject faith. "In this way prophet (SAW) tried to motivate his followers to follow the teachings of holy Quran by reminding them of the severe punishments and the good news of reward.

Leadership: An Islamic Perspective:

Introduction:

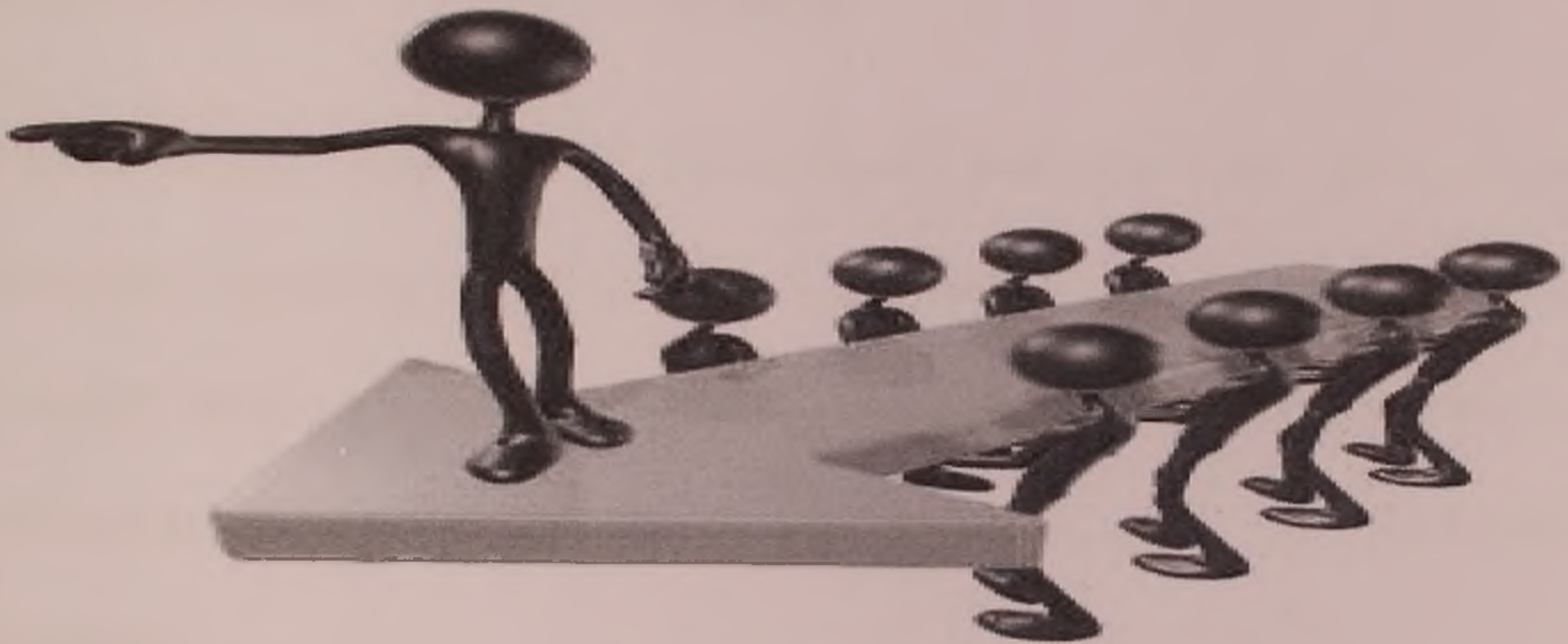
Many people today are seeking to understand -- and many people are writing about -- the concepts and practices of leadership. There are a great many reasons for the strong popularity of the topic, including that people, groups leadership is required to understand and navigate through the many changes.

Leading is a very human activity -- we're all human -- so there are many people who consider themselves experts on leadership. Unfortunately, many people make strong assertions about leadership without ever really understanding a great deal about leadership. Understanding leadership requires more than reading a few articles or fantasizing about what great leaders should be. The reader might best be served to explore the topic of leadership by:

1. First, by getting a basic sense of the system of an organization, including its functions and roles, and how they are integrated.
2. Next, get a basic sense of the functions of management (leading is one of them) and how they are integrated in order to lead an organization.
3. Next, scan the topics in this topic of leadership in order to realize that there are definitions of leadership, different theories and models and traits of leadership, and different domains of leadership -- each

domain requiring different competencies or qualities in order to lead in that domain.

4. Finally, get a sense for how your abilities in leadership can be developed in an informal or formal way.



Definition of Leadership:

"Leadership is the art of getting someone else to do something you want done because he wants to do it." ~ Dwight D. Eisenhower

The activity of leading a group of people or an organization, or the ability to do this. In its essence, leadership in an organizational role involves (1) establishing a clear vision, (2) sharing that vision with others so that they will follow willingly, (3) providing the information, knowledge, and methods to realize that vision, and (4) coordinating and balancing the

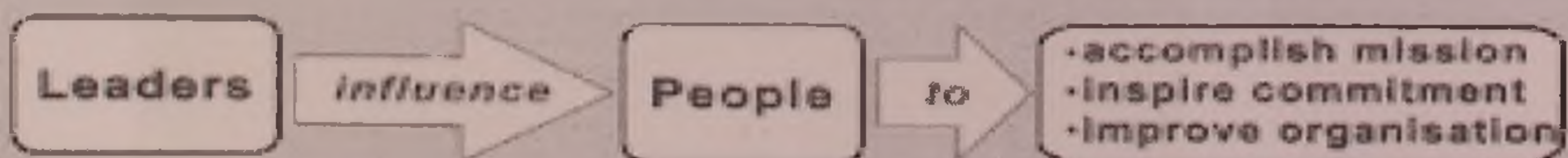
conflicting interests of all members or stakeholders. A leader comes to the forefront in case of crisis, and is able to think and act in creative ways in difficult situations. Unlike management, leadership flows from the core of a personality and cannot be taught, although it may be learned and may be enhanced through coaching or mentoring.

Warren Bennis' definition of leadership is focused much more on the individual capability of the leader : "Leadership is a function of knowing yourself, having a vision that is well communicated, building trust among colleagues, and taking effective action to realize your own leadership potential."

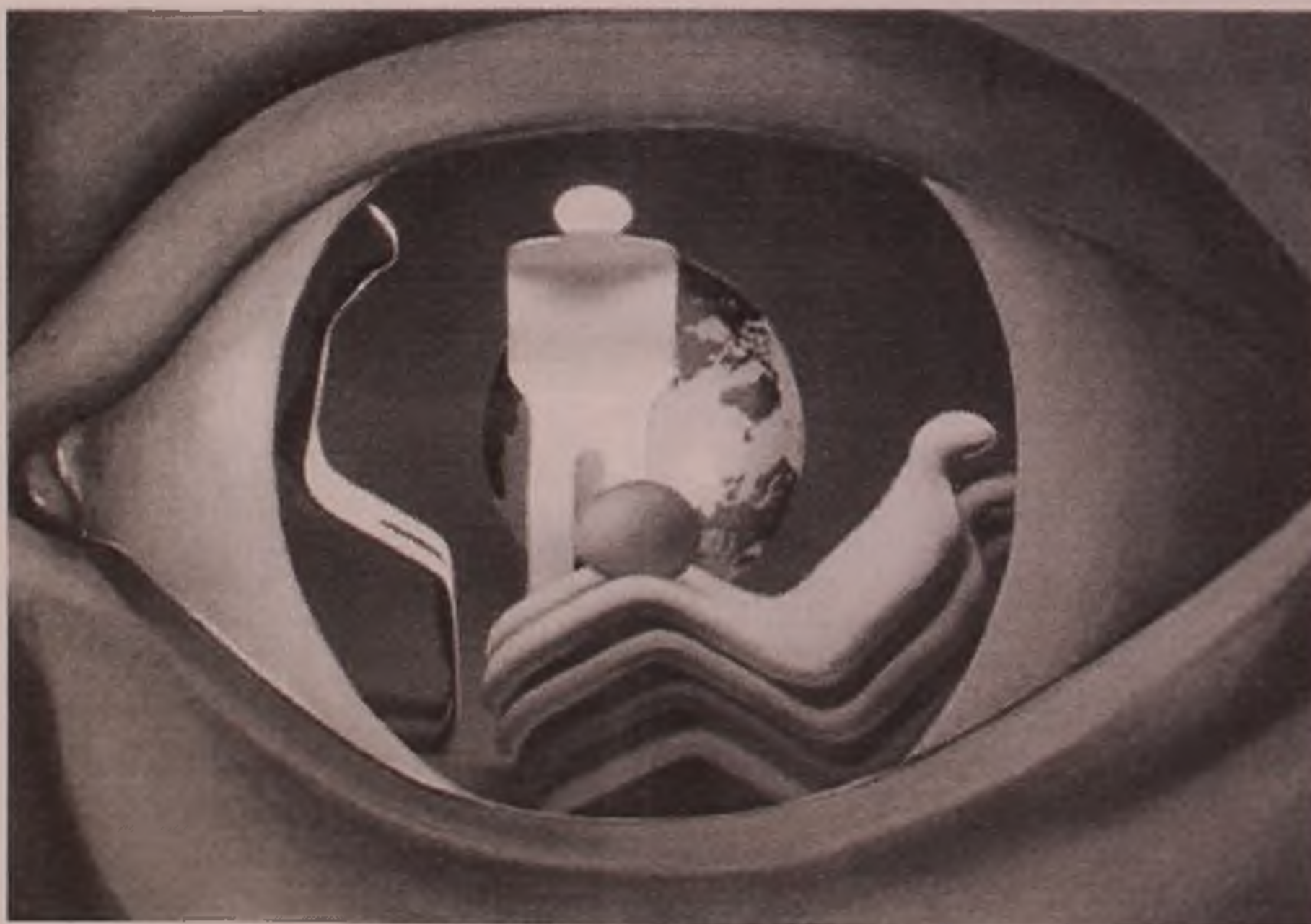
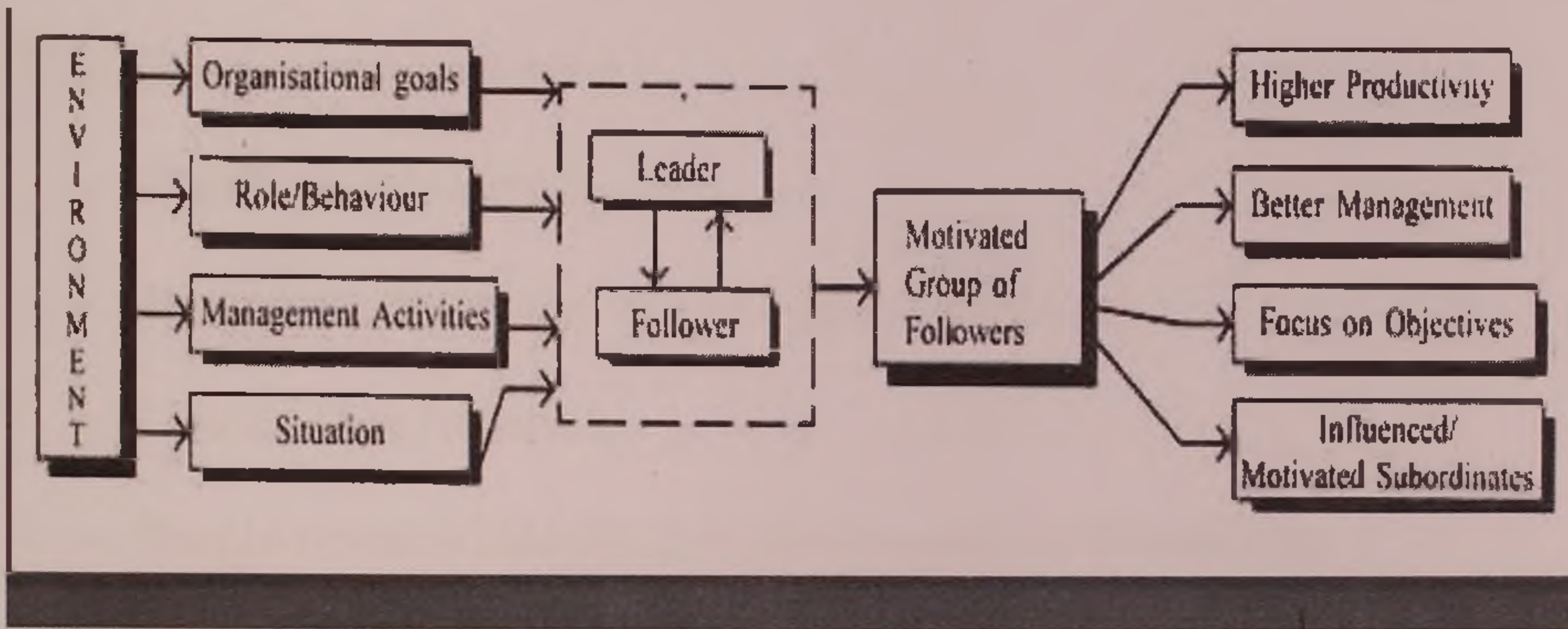
DEFINITION OF LEADERSHIP



Leadership is defined as a process of influencing people to accomplish the mission, inspiring their commitment, and improving the organisation.



The following model expresses the position of the Leader in an origination:



Types Of Leadership :

Some most common types of leaders are there. This types vary from organization. Some important types are seen in the following list:

- Autocratic leadership.
- Bureaucratic leadership.
- Charismatic leadership.
- Democratic leadership or participative leadership.
- Laissez-faire leadership.
- People-oriented leadership or relations-oriented leadership.
- Servant leadership.
- Task-oriented leadership.
- Transactional leadership.
- Transformational leadership.



Autocratic Leadership

Autocratic leadership is an extreme form of transactional leadership, where a leader exerts high levels of power over his or her employees or team members. People within the team are given few opportunities for making suggestions, even if these would be in the team's or organization's interest.

Most people tend to resent being treated like this. Because of this, autocratic leadership usually leads to high levels of absenteeism and staff turnover.

Also, the team's output does not benefit from the creativity and experience of all team members, so many of the benefits of teamwork are lost.

Islamic Management, A combination of Autocratic and democratic leadership styles.

Bureaucratic Leadership

Bureaucratic leaders work by the book, ensuring that their staff follow procedures exactly. This is a very appropriate style for work involving serious safety risks (such as working with machinery, with toxic substances or at heights) or where large sums of money are involved (such as cash-handling). In other situations, the inflexibility and high levels of control exerted can demoralize staff, and can diminish the organization's ability to react to changing external circumstances.

Islamic Management, Follow the leader only in executing fair decision and in halal activities.

Charismatic Leadership

A charismatic leadership style can appear similar to a transformational leadership style. However, a charismatic leader can tend to believe more in him or herself than in their team. This can create a risk that a project, or even an entire organization, might collapse if the leader were to leave: In the eyes of their followers, success is tied up with the presence of the charismatic leader. As such, charismatic leadership carries great responsibility, and needs long-term commitment from the leader.

Democratic Leadership or Participative Leadership

Although a democratic leader will make the final decision, he or she invites other members of the team to contribute to the decision-making process. This not only increases job satisfaction by involving employees or team members in what is going on, but it also helps to develop peoples skills. Employees and team members feel in control of their own destiny, and so are motivated to work hard by more than just a financial reward.

Islamic Management, participant in any activity achieved with integrity.

Laissez-Faire Leadership

This French phrase means leave it be and is used to describe a leader who leaves his or her colleagues to get on with their work. It can be effective if the leader monitors what is being achieved and communicates this back to his or her team regularly. Most often, laissez-faire leadership works for teams in which the individuals are very experienced and skilled self-starters.

People-Oriented Leadership or Relations-Oriented Leadership

This style of leadership is the opposite of task-oriented leadership: the leader is totally focused on organizing, supporting and developing the people in the leader's team. A participative style, it tends to lead to good teamwork and creative collaboration. However, taken to extremes, it can lead to failure to achieve the team's goals.

Servant Leadership

Servant leadership is a form of democratic leadership, as the whole team tends to be involved in decision-making.

Supporters of the servant leadership model suggest it is an important way ahead in a world where values are increasingly important, in which servant leaders achieve power on the basis of their values and ideals. Others believe

that in competitive leadership situations, people practicing servant leadership will often find themselves left behind by leaders using other leadership styles.

Task-Oriented Leadership

A highly task-oriented leader focuses only on getting the job done, and can be quite autocratic. He or she will actively define the work and the roles required, put structures in place, plan, organize and monitor. Task-oriented leaders can benefit from an understanding of the Blake-Mouton Managerial Grid, which can help them identify specific areas for development that will help them involve people more.

Transactional Leadership

This style of leadership starts with the premise that team members agree to obey their leader totally when they take a job on: the transaction is (usually) that the organization pays the team members, in return for their effort and compliance. As such, the leader has the right to punish team members if their work does not meet the pre-determined standard.

Team members can do little to improve their job satisfaction under transactional leadership. Transactional leadership is really just a way of managing rather a true leadership style, as the focus is on short-term tasks. It

has serious limitations for knowledge-based or creative work, but remains a common style in many organizations.

Transformational Leadership

A person with this leadership style is a true leader who inspires his or her team with a shared vision of the future. Transformational leaders are highly visible, and spend a lot of time communicating. They do not necessarily lead from the front, as they tend to delegate responsibility amongst their teams.

Servant Leadership.

Servant Leadership. Some leaders have put the needs of their followers first. For example, the motto of the Los Angeles Police Department, "To Protect and Serve." reflects this philosophy of service. One suspects these leaders are rare in business.

Qualities of Good Leadership

Leaders can be found and nurtured if you look for the following character traits.

1. Communication

A leader must be able to communicate his or her vision in terms that cause followers to buy into it. He or she must communicate clearly and passionately, as passion is contagious.

2. Discipline

A good leader must have the discipline to work toward his or her vision single-mindedly, as well as to direct his or her actions and those of the team toward the goal.

3. Analysis Paralysis

A leader does not suffer “**analysis paralysis**” but is always doing something in pursuit of the vision, inspiring others to do the same.

4. Integrity

Integrity is the integration of outward actions and inner values. A person of integrity is the same on the outside and on the inside. A leader must have the trust of followers and therefore must display integrity. Honest dealings, predictable reactions, well-controlled emotions, and an absence of tantrums and harsh outbursts are all signs of integrity. A leader who is centered in integrity will be more approachable by followers.

5. Dedication

Dedication means spending whatever time or energy is necessary to accomplish the task at hand. A leader inspires dedication by example, doing whatever it takes to complete the next step toward the vision. By setting an excellent example, leaders can show followers that there are no nine-to-five jobs on the team, only opportunities to achieve something great.

6. Magnanimity

Magnanimity means giving credit where it is due. A magnanimous leader ensures that credit for successes is spread as widely as possible throughout the company. Conversely, a good leader takes personal responsibility for failures. This sort of reverse magnanimity helps other people feel good about them and draws the team closer together. To spread the fame and take the blame is a hallmark of effective leadership.

7. Humility

Leaders with **humility** recognize that they are no better or worse than other members of the team. A humble leader is not self-effacing but rather tries to elevate everyone. Leaders with humility also understand that their status does not make them a god.

8. Openness

Openness means being able to listen to new ideas, even if they do not conform to the usual way of thinking. Good leaders are able to suspend judgment while listening to others' ideas, as well as accept new ways of doing things that someone else thought of. Openness builds mutual respect and trust between leaders and followers, and it also keeps the team well supplied with new ideas that can further its vision.

9. Creativity

Creativity is the ability to think differently, to get outside of the box that constrains solutions. Creativity gives leaders the ability to see things that others have not seen and thus lead followers in new directions.

10. Fairness

Fairness means dealing with others consistently and justly. A leader must check all the facts and hear everyone out before passing judgment. He or she must avoid leaping to conclusions based on incomplete evidence. When people feel they that are being treated fairly, they reward a leader with loyalty and dedication.

11. Assertiveness

Assertiveness is not the same as aggressiveness. Rather, it is the ability to clearly state what one expects so that there will be no misunderstandings. A leader must be assertive to get the desired results.

12. Sence of Humor

A **sense of humor** is vital to relieve tension and boredom, as well as to defuse hostility. Effective leaders know how to use humor to energize followers. Humor is a form of power that provides some control over the work environment.

Self Aware and Insightful About Your Impact on Others

This is one of the qualities of good leadership that you really want to master.

The best leaders are really great at watching how others are reacting to them and fine-tuning what they are saying to ensure that they are building the relationship.

Love knowledge, Grow, Expand

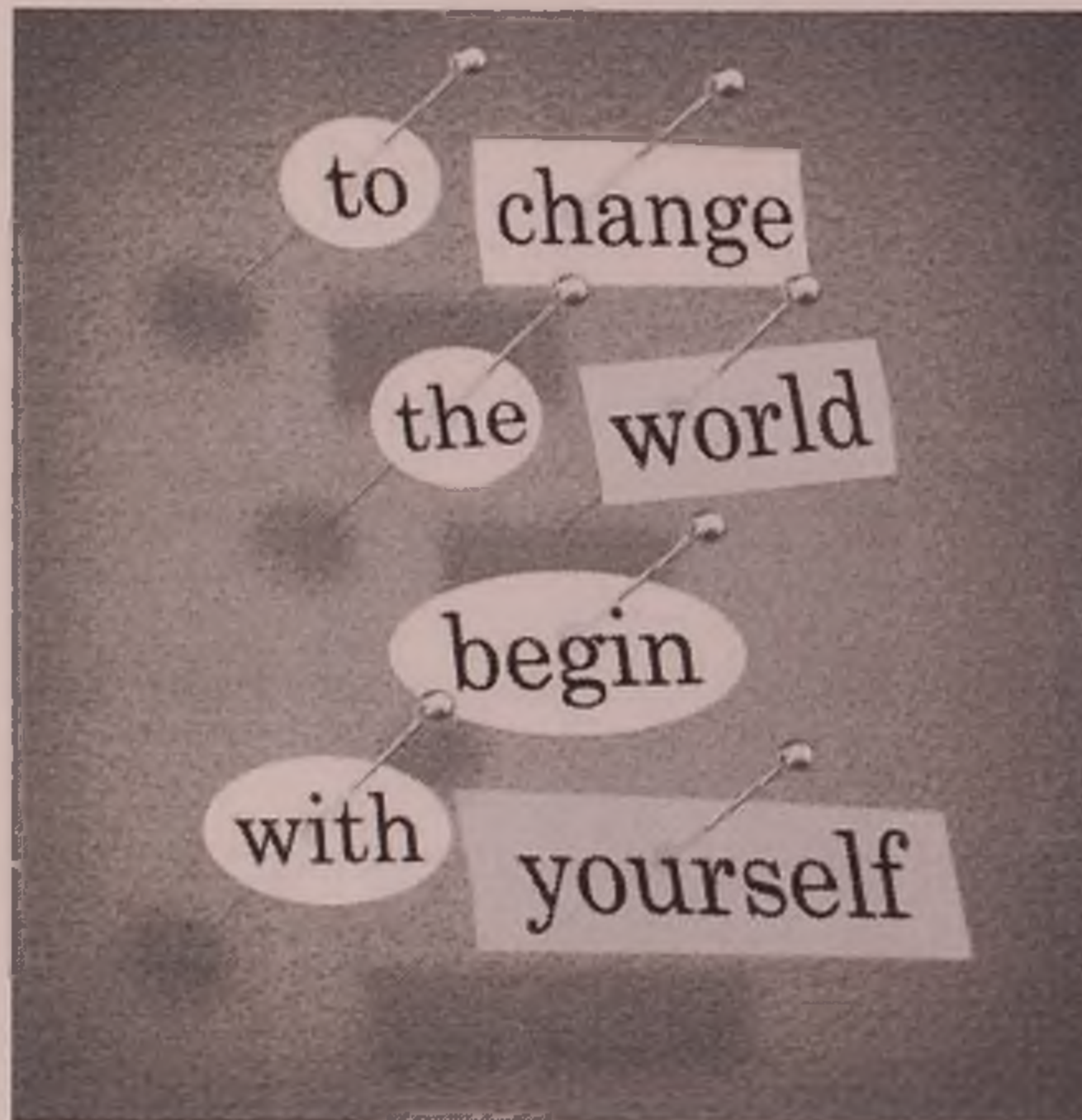
If you aren't learning, growing, expanding then you certainly can't expect the people around you to be either! One of the things that seem to set all the great leaders apart is their absolute commitment to stepping into their potential and discovering ways to be the best possible version of them. I don't know about you, but I've yet to meet a leader that is considered to be at the top of his or her game, who doesn't read, listen to audios, go to courses or share what he or she learns with others.

Leader's Knowledge	Leader's Actions	Category of Action	Create an Example	Next Steps
Leader basically knows the right thing to do.	Does the right thing.	Success		Be modest, embrace next challenge, keep learning, and teach others.
Leader basically knows the right thing to do.	Tries hard, but fails.	Accident		Reflect, apologize, make amends, and build relevant skills.
Leader basically knows the right thing to do.	Intentionally does a wrong thing.	Poor Choice		Soul-search, apologize, make amends, and reconsider your role in the organization.
Leader does not quite know the right thing to do.	Does the right thing.	Lucky Break		Count your lucky stars, learn how to do it right consistently.
Leader does not quite know the right thing to do.	Tries something, but fails.	Mistake		Own it, apologize, consult, and learn how to do it right next time.
Leader does not quite know the right thing to do.	Does not even try.	Neglect		Soul search, apologize, reconsider your role in the organization

(Source: tareq,2012)

Have High Self Worth and Self Esteem

You might not think that how you feel about yourself has a whole lot to do with how others perceive you or how effective you can be at taking charge of a group situation. However, it would be a huge mistake to make this assumption. Every individual is either their own best friend or their own worst enemy.



Have high self worth and self esteem: You might not think that how you feel about yourself has a whole lot to do with how others perceive you or how effective you can be at taking charge of a group situation. However, it would be a huge mistake to make this assumption. Every individual is either their own best friend or their own worst enemy.

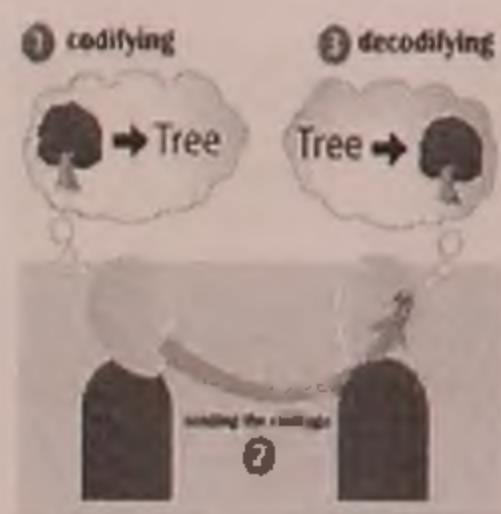
Duties and responsibilities of a Leader



A team leader has a number of duties to fulfill.

A team leader is more than just a point of contact for suggestions or queries. His or her responsibilities cover a wide spectrum, serving a useful function for both higher management and team members alike. Their duties are diverse, ranging from maintaining employee morale to making decisions to help further the business.

1. Communication



A good team leader communicates with his colleagues.

A good team leader will communicate the company's vision and objectives to the team, making sure that they do so clearly, ensuring that everybody understands their individual roles and responsibilities. It is also a responsibility of the team leader to create an atmosphere of trust and open communication, through improving team spirit.

2. *Setting an Example*



- **A leader sets an example for others to follow.**

A team leader has the responsibility of setting an example to the team on how to work effectively and carry out tasks to the best of their ability. He or she must "practice what they preach," in ensuring that their behavior is consistent with how they are telling the team to perform.

3. *Individual Development*



- **Individual training needs are met by a leader.**

Every employee will need some degree of training to further their own development and better their skills. It is the duty of the team leader to identify areas where they feel that the individual can improve and

either educate them through one-to-one tutoring by the leader, or book them onto a suitable training course.

4. *Make Decisions*

- **A leader will often need to make decisions.**

An important responsibility of a team leader is to make decisions that help the company achieve its objectives. In doing so, a leader may wish to consult their team through in-depth discussion, and it is also a responsibility of the leader to ensure that all discussion is focused and productive, leading toward a decision.

5. *Motivation*



Motivating others is an important role of a leader.

A team leader has the task of motivating his or her team to work toward the objective, boosting morale where it is found to be low through taking the group on a team building activity or identifying why morale is low and taking action to fix any problems.

6. *Point of Contact*



- *A leader provides a point of contact for the team.*

There may be instances where the team has questions or suggestions that they would like to voice, and the team leader would provide a point of contact to either answer questions or take the query/suggestion to higher management for further discussion. She would then pass on information from management as to the resolution or decision on the matter.

7. *Rewarding Employees*



- *Team building activities boost morale.*

Team members who feel that they have made a good contribution to the business, but are not being recognized for their efforts may feel undervalued and suffer from poor morale. A team leader should reward his employees for consistently good work or an outstanding contribution to the organization. This will boost morale and help them feel more like part of a team.

Have a Vision for Change



Leader cannot expect his team to be innovative if they do not know the direction in which they are headed. Innovation has to have a purpose. It is up to the leader to set the course and give a bearing for the future. Innovative leaders do not delegate creativity and innovation; they lead it. And innovative leaders cultivate a culture of critical and creative thinking that takes on challenges.

1. Drive change through collective creativity and knowledge



Innovative leaders show creativity and seek knowledge. When they drive change, they both tolerate and criticize digital technology — and the way kids use it.

2. Shape the culture



Innovative leaders create a culture of risk, change, and critical and creative thinking. They think for themselves, and they don't just follow rules blindly. They shift from rules to principles.

"As a leader, if you're in a meeting, you should be talking the least of anyone else in that meeting," Lemke said.

4. Establish a professional learning system

Innovative leaders create professional learning communities in their schools.

Effective professional learning is:

- sustained over time
- content-based
- embedded in professional learning communities
- focused on concrete tasks in teaching, assessment, observation and reflection
- modeled in authentic settings

5. Decide and systematize

Innovative leaders create a blueprint of principles, professional development, strategies, approaches and resources. Then they get out of the way and let their staff figure out the details.

6. *Fight the Fear of Change*

Innovative leaders constantly evangelize the need for change. They replace the comfort of self-satisfaction with the hunger of ambition. 'We are doing well but we cannot rest on our laurels – we need to do even better.' They explain that while trying new ventures is risky, standing still is riskier. They must paint a picture that shows an appealing future that is worth taking risks to achieve. The prospect involves perils and opportunities. The only way we can get there is by embracing change.

8. *Think like a Venture Capitalist*

VCS use a portfolio approach so that they balance the risk of losers with the upsides of winners. They like to consider a large number of proposals. They are comfortable with the knowledge that many of the ideas they back will fail. These are all important lessons for corporate executives who typically consider only a handful of proposals and who abhor failure.

9. Have a Dynamic Suggestions Scheme

Great suggestion schemes are focused, easy to use, well-resourced, responsive and open to all. They do not need to offer huge rewards. Recognition and response are generally more important. Above all they have to have the whole-hearted commitment of the senior team to keep them fresh, properly managed and successful.

10. Break the Rules

To achieve radical innovation you have to challenge all the assumptions that govern how things should look in your environment. Business is not like sport with well-defined rules and referees. It is more like Art. It is rife with opportunity for the lateral thinker who can create new ways to provide the goods and services that customers want.

11. Give Everyone Two Jobs

Give all your people two key objectives. Ask them to run their current jobs in the most effective way possible and at the same time to find completely new ways to do the job. Encourage your employees to ask themselves – what is the essential purpose of my role? What is the outcome that I deliver that is of real value to my clients (internal and external). Is there a better way to deliver that value or purpose? The answer is always yes but most people never even ask the question.

12. Collaborate

Many CEOs see collaboration as key to their success with innovation. They know they cannot do it all using internal resources. So they look outside for other organizations to partner with. A good example is Mercedes and Swatch who collaborated to produce the Smart car. Each brought dissimilar skills and experiences to the team.

13. Welcome Failure

The innovative leader encourages a culture of experimentation. You must teach people that each failure is a step along the road to success. To be truly agile, you must give people the freedom to innovate, the freedom to experiment, the freedom to succeed. That means you must give them the freedom to fail too.

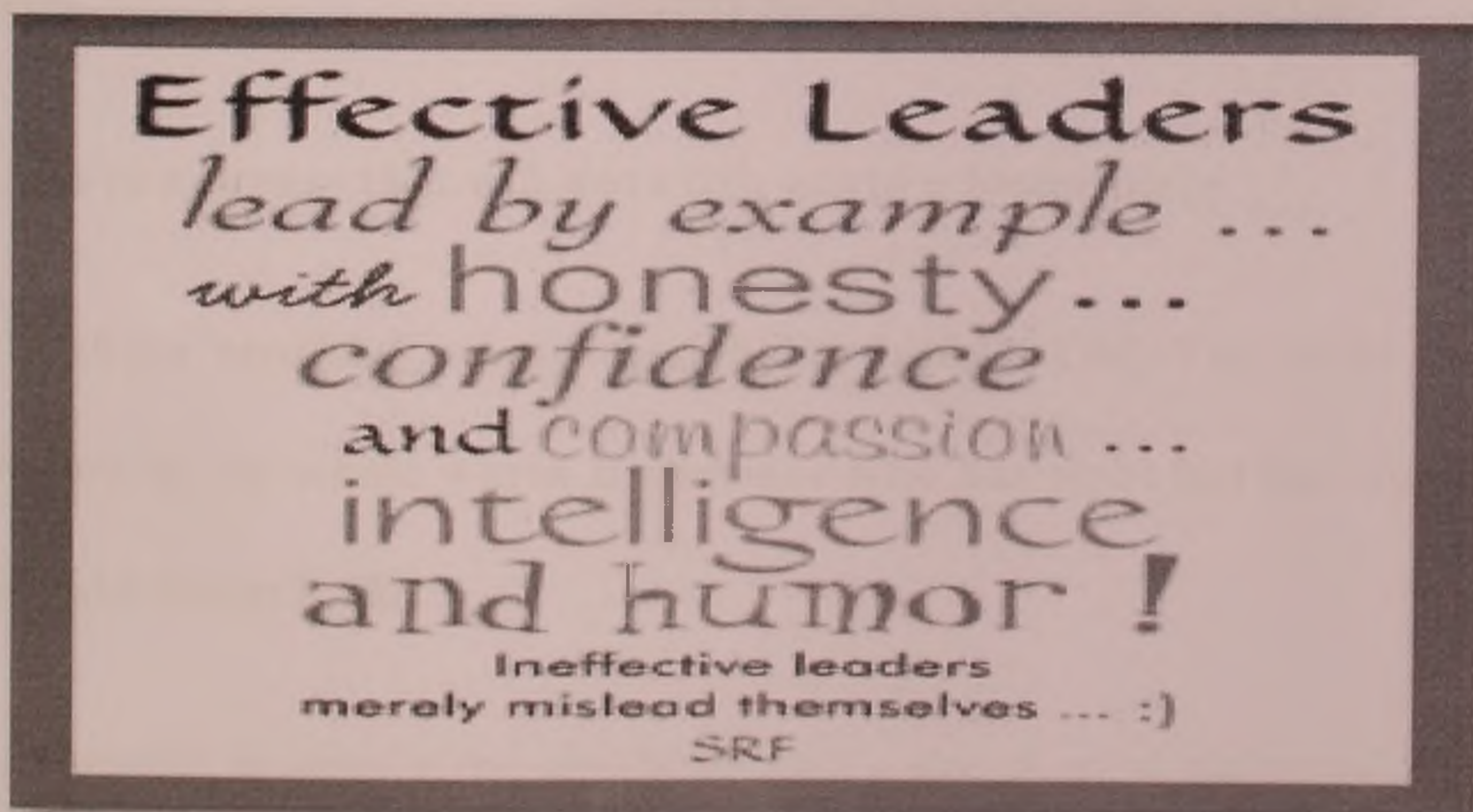
14. Build prototypes

People's Bank has a refreshingly original attitude to new ideas. 'Don't debate it, test it' is the motto of this innovative American financial services organization. Try the new idea at low cost in a section of the marketplace and see what the customer's reaction is. You will learn far more in the real world than you will in the test laboratory or with focus groups.

15. Be Passionate

Focus on the things that you want to change, the most important challenges you face and be passionate about overcoming them. Your energy and drive will translate itself into direction and inspiration for your people. It is no good filling your bus with contented, complacent passengers. You want evangelists, passionate supporters; people who believe that reaching the destination is really worthwhile. If you want to inspire people to innovate, to change the way they do things and to achieve extraordinary results then you have to be passionate about what you believe in and you have to communicate that passion every time you speak.

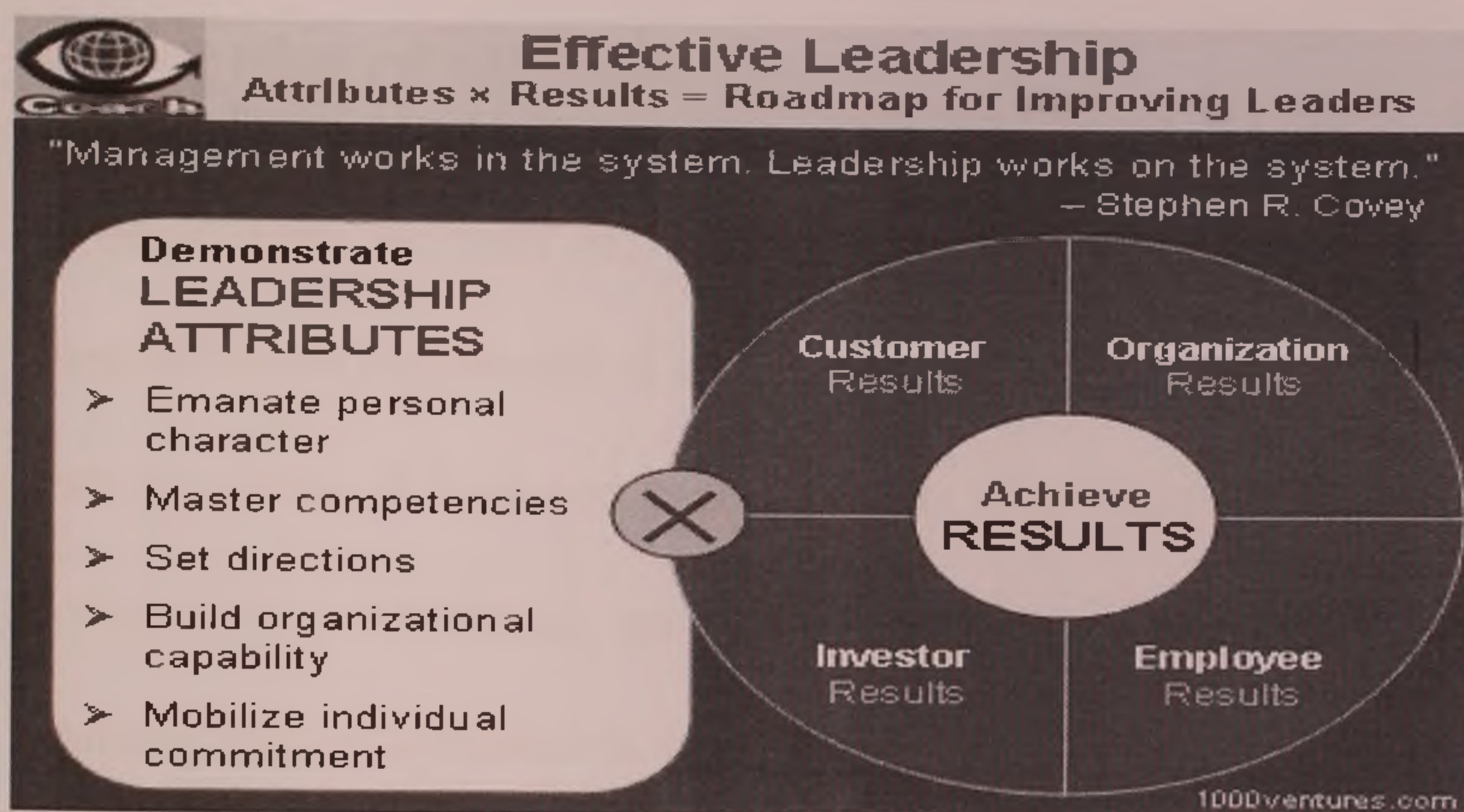
Nine Principles for Effective Leadership



There are many factors that contribute to effective leadership. An effective leader is crucial to any successful business, whether it is an offline or online

business. “An effective leader correctly assesses a situation and knows how to take the next step.”

Whether you know it or not, whether you believe it or not, you’re a leader—an influence. Your opinions are listened to and acted upon. **The following nine principles will help you make the most of your influence:**



1. Have a dream that will leave this world a better place

“Is there anything worse than being blind? Yes! The most pathetic person in the whole world is someone who has sight but has no vision.”

So said Helen Keller.

Leadership is simply the ability to turn a dream or a vision of a desired future state into a reality with and through the cooperation of other people.

To throw your life into something worthwhile, your dream must be worth dying for. Have a big vision; something beyond your capabilities to keep

you challenged. Former British Prime Minister Margaret Thatcher said, “There is little hope for democracy if the hearts of men and women cannot be touched by a call to something greater than themselves.” Have a dream and vision that is greater than yourself—one that will leave this world a better place.

2. Know what your strengths are

To be leaders, we need each other to reach our goals. Each of us has only some of the skills needed to do a great job. We need to surround ourselves with people to fill in our gaps. Seventy-nine year-old Muriel Tower, an experienced entrepreneur, said, “You get things done through other people. Number one in business is get the best person for the job. Number two, delegate. Number three, supervise—go back and see that they did it.”

In order to be effective, you need a team to work with. We lead on the basis of our strengths; we gather our team on the basis of their strengths. Understanding your strengths and the strengths of others is a key to effective leadership.

3. Strive for excellence

The people you want to influence will not rise to a higher standard of excellence than what they observe in you. Male or female, the effective leader wins commitment by setting an example of excellence.

Of course we should be eager to make a good impression, so we spent hours wording the invitations. We wanted to influence leaders and we had to do things right, not only do the right things. Leaders must strive for excellence. Strive for excellence and you will motivate others to do the same.

4. Be persistent

The key to being a good leader is endurance—being a non-quitter. You will be tempted to quit and be encouraged to quit by those who are friends and enemies. Be unwilling to throw in the towel. Be determined. In order to leave this world a different place, you have to be persistent. Leaders don't grow in a comfort zone. Leaders are not people with exceptional talent; they are people who have learned from their mistakes and get up and try again. Persistence is a key to effective leadership.

5. be willing to stand alone

If you have a passion, a dream or a mission, **set measurable goals and work toward accomplishing them.** You will find that many times you may have to work alone. You will probably be lonely. People are looking for leaders who are willing to give it all they have, and they will follow—for a while. James Cook said, "A person who wants to lead the orchestra must turn his back on the crowd."

6. Be ready for resistance

One of the facts of life is that **when you are in leadership, you have to solve problems.**

Once observed that “Everyone has problems; if you don’t have any now, you will have problems; wherever you work or live, you’ll have problems; or you just might be someone else’s problem.” Sometimes we have the faulty notion that we should be able to go through life problem free—that if we have problems, something is wrong with our life. **As leaders, we have to be responsible, no matter how painful it is. Running away is not an option.**

Facing problems and dealing with them by making good decisions is the difference between a leader and a follower.

7. Set an example for your staff

“Work hard and become a leader; be lazy and never succeed.”

I am amazed at how often people want a position, but not the responsibility. However, being a leader means working long hours. It means being available to solve problems or give direction whenever necessary. **Being a leader means being a servant, whether you are in your home or at work. You are always on call.**

8. Be ethical

As I travel a lot, I gather stats from many different papers and magazines. USA Today stated that two in three adults believe ethics “vary by situation” or that there is no “unchanging ethical standard of right and wrong.” Only 18% of the people ages 20 – 30 said that there was one standard of right and wrong.

It is incredibly important that we have a strong code of ethics to base our decisions and lifestyle on.

Margaret Thatcher once said, “I am not a consensus politician, I am a conviction politician.” What kind of leader are you? Do you have convictions of your own or do you live by the consensus of other opinions?

It is of utmost importance to have high ethical standards to be an effective leader.

9. Let Allah(SWT) be your guide

Elizabeth Dole, President of the American Red Cross, stated in an interview:

“To me it’s very important to know I have a source of strength beyond my own. When I’m undertaking a difficult assignment or making a tough decision, I’m glad I don’t have to rely on my own energy, wisdom, and judgment.”

Twenty-four years ago, **I realized I needed a source of strength beyond myself.** The goals I had set for myself were not satisfying and even relationships did not fill my deepest need. At the age of thirty-two, I gave the control of my life to God. He is that source of strength I needed. I simply prayed, “I want you to be my Guide from now until I die.” He heard me.

I noticed many women in my world were not maximizing their abilities; I worked hard to encourage and train them to be the best women they could be.

“Work hard and become a leader; be lazy and never succeed.”

Leadership in Islam is a trust. To begin with, Muslims base their behavior as leader and or follower upon the word of God as revealed in their holy book, the Quran. They believe that the prophet of Islam, Muhammad (SAW), has modeled the way for Muslim leaders and followers for all times. This belief is supported when Allah says the following about Muhammad (SAW) : And you stand an exalted standard of character Muhammad (SAW) example then, is what both Muslim Leaders and followers seek to emulate.

According to the prophet Muhammad (SAW), leadership in Islam is not served for a small elite. Rather, depending upon the situation, every person is the “shepherd” of a flock and occupies a position of leadership, Muhammad (SAW) is reported to have said-

“Each of you is a guardian and each of you will be asked about his subject”

Controlling: An Islamic Perspective:

The foundation of control was stated in Islam in a very simple and concise manner. Surah Al Qasas stated that Allah is merciful and just. He does not destroy or degrade people until they have deliberately rejected his law and continued in practice of inequity. He says : Nor was thy Lord the one to destroy a population until he had sent to its center an apostle, rehearsing to them our signs; nor are we going to destroy a population except when its members practice iniquity.

- a) A messenger is sent to the center of the cities (groups of people) or to the head of the people.
- b) The messenger communicated the message and its requirements.
- c) People received and understood the message, which come down from Allah to the people.
- d) People continued in their old practices, Which are against the delivered message.

Controlling in Islam

Definition of Control :

Control may be defined as a processes of seeing whether everything is done in accordance with the plans establish. Control system under Islamic persecution encompassed the reasonable activities for monitoring the performance level of employees involved in operation for the achievement of legal/ halal objective only.

Steps of Control :

There are four steps in control step of control is to set standard of work to be supervised. The standard must be measurable and achievable

Basic Elements of Control :

We are familiar with four basic Elements of control. There are as follows :

1. Predetermine the role
2. Communicate the goal to the employ
3. observe, account for as hate the detain from the predetermined role and anal the cause of it and its magnitude
4. Take the necessary corrective act which could be classified under one of the two types of echinus as follows :

Change, or performers and from their efficiency to achieve the predetermined role.

Management control cycle :

Control mechanism in management is a cyclic process. This cycle has 8 (eight) steps starting role to change or adjust the company role, This eye

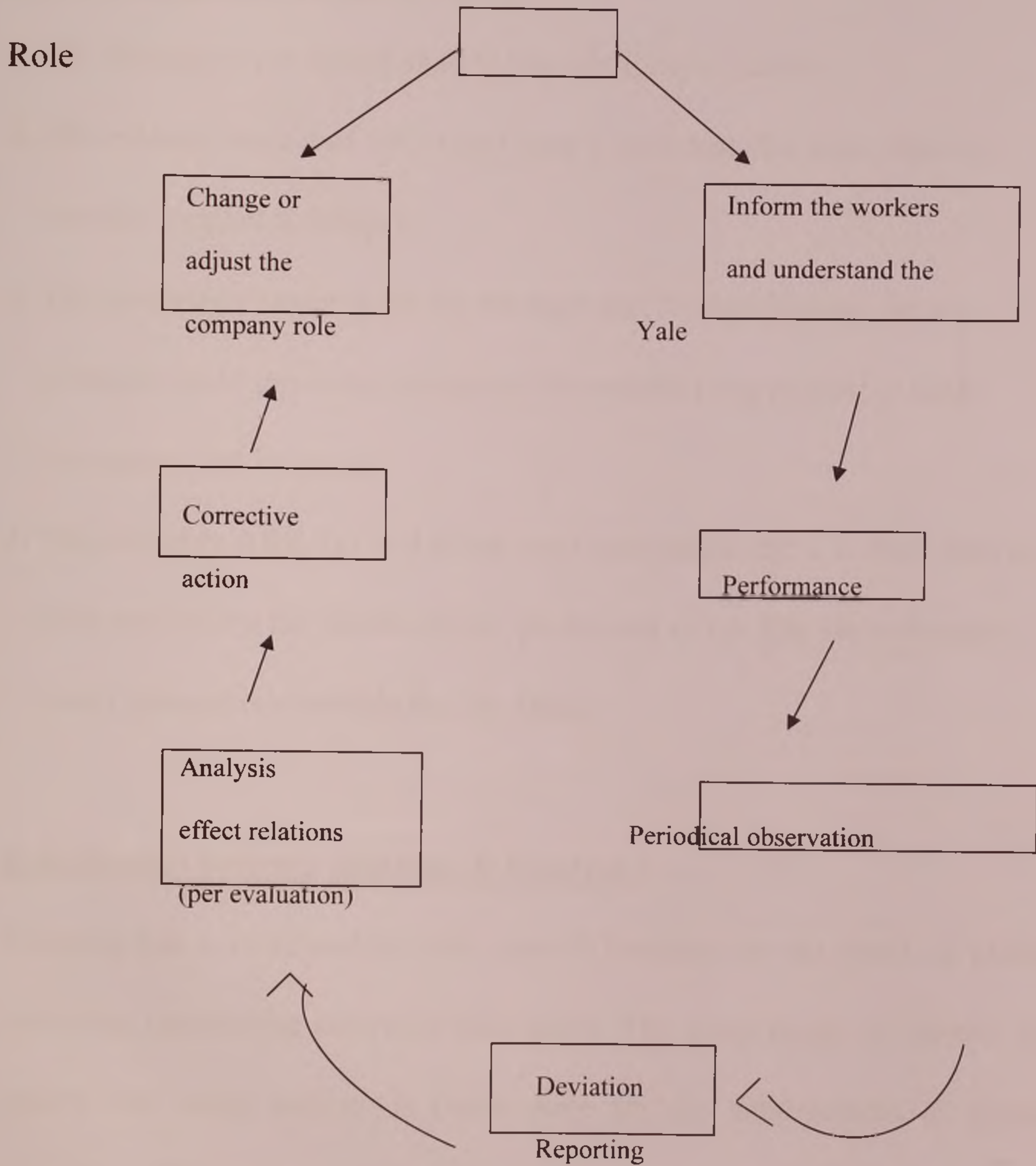


Figure : Management cycle of control.

Source : F. R. Faridi Islamic Principles of Business organization & Management, P. 108.

May be shows in the above diagram. It is not universal truth that without these steps the cycle will not work of organization will her Survive. The stapes of the cycle many be different in various companies.

Analysis of Islamic Control Rules :

1. The ménage is pre established by the almighty Allah (s).
2. The ménage is a set of 'do' s and 'don't' and describe how Allah (s) wants the prophet to behave.
3. The messenger understood the ménage and its clarification. He the communicated the same ménage to the people (employees) in their own terms and language.
4. The almighty Allah (s) will allow work independence, i, i, they man ar way not follow the Islamic rules. At the end of his life. He will make every person accountable for his deeds.

Relationship between planning & Control :

Planning has a relationship with control Because on the basis of planned activities, monitoring activities take place. The main target of control is to ensure that every activity is being done for the achievement of planned objectives. The relation is shown in the following diagram :

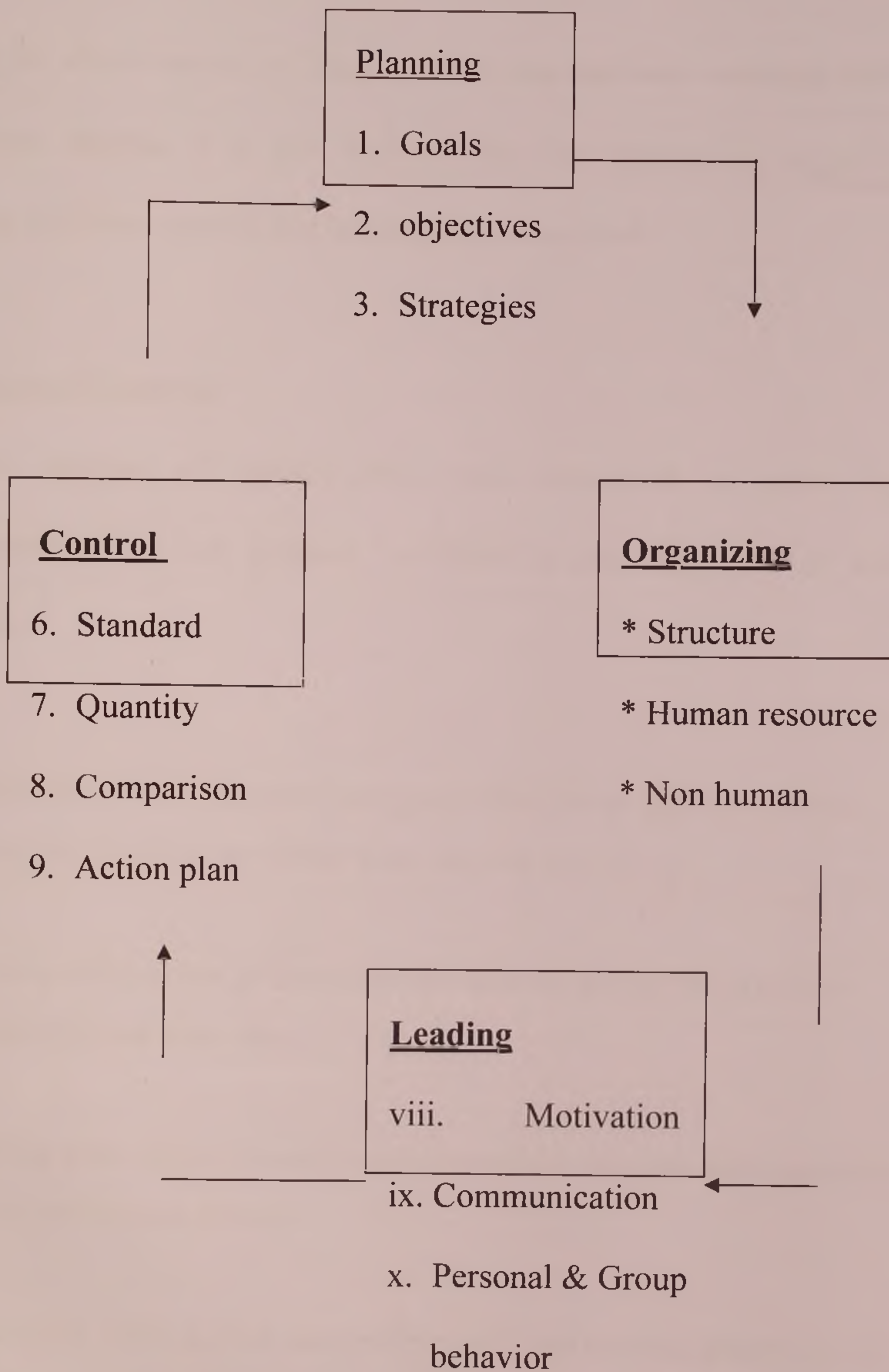


Figure: Link between Planning & Control.

Source: Dr.M.Ataur Rahman, Islamic Management and Business.

p.35

From the above model of management, link between planning and control has been shown. It is also shown that after performing organizing and leading activities control has techniques are applied.

Purposes of Control

A few purpose of control have been discussed in some books of management. For our purpose, we show a few objectives of control as follows :

1. Adapting to environmental changes so that every activity is done having no interruption. Other time may be lap sect.
2. Limiting the number of errors for the sake of saving the products equipments and how also.
3. Fighting with organizational complements for smooth functioning through out the production period.
4. Minimizing costs so that competitive and reason noble prices con be fixed and complete with the goods of competitors.
5. To run the activities Smoothly for prompt delivery as well family customer service and Autoinfection.
6. To insure Proper utilize of redo urges so that promotion cost is

6. To insure Proper utilize of redo urges so that promotion cost is minimized and efficient use can be custard. Thus wastage way be stopped & economics of sale is established.
7. To use human resource capabilities properly so that their skills, efficiencies and capabilities can be used up to the solicited and satisfactory.
8. To make the people goal oriented and thus discipline in work man ensured and industrial conflict may be reduced.
9. To ensure discipline is another important purpose of control. Without discipline full devotion to work cannot be deployed.
10. To ensure proper coordination importance. Without meaning coordination individual / Units divisional goals may be achieved but ultimate and overall common goal can never be achieved.

Types of control :

Control may be classified on two basis :

(a) Elements and (b) Stages. On the basis of Clements control has been divided into two types as

(i) strategic Control : For identifying internal and external elements / Premises and Streamlining of goal.

(ii) Operational control : At the functional level this type of control is applied. At the unit department / division levels, the activities are supervised.

On the basis of stages, control may be classified into three grandpas (i) Feed forward control : which grandpas before starting any activity. (ii) Concurrent control which is undertake while which production or servicing go on. (iii) Feedback control when activities are performed & for the measurement of final results, this type of control is applied.

Nature and characteristics of control :

1. Managerial activities
2. For word looking
3. Continuous process
4. Dynamic process
5. control is identified with both personal and group of persons.
6. Control does not deprive the individuals from their rights.

Importance of control :

1. Helps take effective action Alam
2. Reduction of risks
3. Indication of managerial weaknesses
4. Aids in coordinating activities

5. Effective distribution of duties and responsibilities.
6. Helps decentralize the powers
7. Acceleration the goals achievement activities.
8. Maintaining discipline.

Conditions for Effective control :

1. Proper determination of objective
2. Recruitment of right type of individuals
3. Making the people goal-oriented
4. Communicating the goals to the employees properly & understand ably.
5. Monitoring the actual performance
6. Measuring the deviations properly.
7. Deployment of necessary materials
8. Ensure accountability
9. Giving the chance of clarification
10. Taking corrective action indiscriminately.

Special control techniques :

1. Information technology
2. Procedures for planning control
3. Logistics system
 - (a) Operational Reactance for inventory control

- (b) Distribution logistics.
- (c) Industrial dynamites
- (d) Operations control systems
- 4. Time-Even- Network Analysis
 - (a) Gantt chart.
 - (b) Milestone budgeting
 - (c) PERT
 - (d) CPM
- 5. Programmed Budgeting
- 6. Formal organization suture

Overall performance control Techniques :

1. Budget summaries & Report
2. Break Even point analysis
3. Control of profit & Loss
4. Control through Roll
5. Control through Key Results Areas
6. H R Control
7. Enterprise Audit

Conclusion:

From the above discussion it is clear that Islam has advocates about the managerial functions long ago. According to the Holy Quran, Holy Prophet (SAW) and companions (RA) faced lot of problems in managing the Islamic state and they solved those problems by introducing divine principles and guidance given by Allah (SWT). Prophet Muhammad's (SAW) contributions and the contributions of four caliphs were great to the development of management. Then management was applied in attaining the objectives of family, society, national, international organization.

Chapter-Five

Company Profile

5.1 History of Islamic Banking

The Islamic Banking, movement as we know it today is recent phenomenon. The history of modern Islamic Banking dates back to the 1950's when a small private Islamic Bank appeared in Pakistan but subsequently wound up. In the decade of 1950's the concept of Islamic Banking was a matter of theoretical research and thinking and the result was preserved in the papers of different scholars of the Muslim World. The 1960's were the decade of action research and practical experiments and 1970's was the decade of initiation and introduction. The decade of 1980's was the decade of development and expansion.

During 1960's it was observed that the Muslims of Malaysia used to save primarily for performing Hajj and such savings were mostly kept idle in pillows, under mattresses and floors for avoiding interest, which was unproductive & damaging for the growth & development of the economy. For utilizing these savings the Malaysian Government in 1962 established an interest free financial institution known as "Pilgrims Savings Corporation". Though it was not a full-fledged bank, even then we can say that it was the beginning of an institution free of interest, which is unconditionally prohibited in Islam.

5.2 Definition Of Islamic Banking

An Islamic bank is a financial institution which operates with the objective to implement and materialize the economic and financial principles of Islam in the arena of banking. "An Islamic Bank is a financial institution whose status, rules and procedures expressly state its commitment to the principle of Islamic Shariah and to the banning of the receipt of interest on any of its operations"- The Organization of Islamic Conference (OIC).

The Organization of (Ali & Shaskar 1995, pp-20-25) Islamic Bank is a "company which carries on Islamic banking business. Islamic banking business means banking business whose aims and operations do not involve any element which is not approved by the religion Islam" (Act No 4.276).

Dr. Ziuddin Ahmed says, "Islamic banking is essentially a normative concept and could be defined as conduct of banking in consonance with the ethos of the value system of Islam". --- Evaluation of Islamic banking (1983).

According to Islamic Banking Act 1983 of Malaysia, "An Islamic Bank is company which carrying on Islamic Banking Business. Islamic banking business means banking business whose aims and operations do not involve any element which is not approved by the religion of Islam"

5.3 Why Islamic Bank

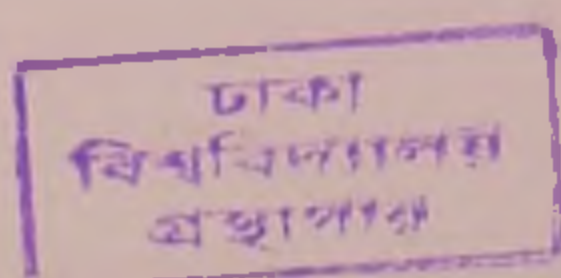
The objective of Islamic banking is not only to earn profit, but (k) do good and welfare to the people. Islam upholds the concept that money, income and property belong to Allah and this wealth is to be used for the good of the society.

Islamic banks operate on Islamic principles of profit and loss, sharing strictly avoiding interest, which is the root of all exploitation and is responsible for large-scale inflation and unemployment. An Islamic bank is committed to do away with disparity and establish justice in the economy, trade, commerce and industry; build socio-economic infrastructure and create employment opportunities.

499694

5.4 Mission of IBBL

To establish Islamic banking through the introduction of welfare oriented banking system and also ensure equity and justice in the field of all economic activities, achieve balanced growth and equitable development through diversified investment operations particularly in the priority sectors and less developed areas of the country. To encourage socio-economic uplift and financial services to the low-income community particularly in the rural areas.



5.5 Vision of IBBL

IBBL's vision is to always strive to achieve superior financial performance, be considered a leading Islamic bank by reputation and performance.

- ❖ IBBL goal is to establish and maintain the modern banking techniques, to ensure the soundness and development of the financial system based on Islamic principles and to become the strong and efficient organization with highly motivated professionals, working for the benefit of people, based upon accountability, transparency and integrity in order to ensure stability of financial systems.
- ❖ IBBL try to encourage savings in the form of direct investment.
- ❖ IBBL also try to encourage investment particularly in projects which are more likely to lead to higher employment.

5.6 Objectives of the IBBL:

1. [a] To carry on banking business and services including the accepting of deposit of money on current account or otherwise subject to withdrawal by cheque, draft or order based on Islamic Shariah and in collaboration with foreign participants and to carry on all kinds of Banking, financing, commercial, Industrial and investment activities on interest free and profit/loss sharing basis with a view to attract foreign investment in Bangladesh and also to introduce and undertake new areas of banking activities such as merchant banking, syndication of foreign exchange loans, issue of guarantee for joint venture in Bangladesh or abroad with branches and/or agencies and/ or representative offices in Bangladesh and/ or abroad and to undertake 'Musharaka', 'Mudaraba' and 'Murabaha' and other activities as permitted by Islamic Shariah.

[b] The Bank will not engage itself directly (in its own name) in any trading activity in commodities or dealing in real estates. However, specific projects/schemes related to the above could be undertaken with the prior approval of Bangladesh Bank.

- (2) To carry out investments, or purchase or finance projects or activities owned by others on interest free basis.
- (3) To receive various types of cash deposits, either for safe custody or for conditional or unconditional reinvestment free of interest.
- (4) To purchase and sell gold, bullion and acquire foreign exchange on the spot and sell or purchase drafts in such exchange
- (5) To provide short-term financing against collateral in the form of commercial papers and at an agreed commercial yield not involving interest.
- (6) To open letters of credit and provide banking credit facilities with or without security.
- (7) To issue guarantees in favour of third parties with or without security.
- (8) To collect the value of drafts, promissory notes, cheques, bills of lading and all other instruments against commission for the account of permanent customers and of the parties.
- (9) To receive subscription payments related to establishment of new share-holding companies or capital increases.
- (10) To purchase and sell shares, certificates of investment and similar financial papers either for the account of the company or for the account of other parties (on interest free basis).

- (11) To provide safe keeping for all kinds of currencies, precious metals, jewellery, documents, packages and parcels and rent safes for private use.
- (12) To act as depository and agent, accept agencies and appoint agents with or without fee.
- (13) To provide individuals, organizations and governments with studies, expertise, researches, and advice on capital placements, including the provision of all services concerning such operations.
- (14) To open documentary credits, and provide all banking facilities with or without security, in return for participation in commercial yields.
- (15) To finance various activities related to overland transport and marine and air navigation or such activities for fleet construction or operation or invest money for construction of any kind of transport vehicles.
- (16) To finance all kinds of activities related to import and export of crops and various commodities and undertake investments in any kind of commercial or industrial projects or ventures.
- (17) To finance trade in commodities and movables.

- (18) To finance storing of all kinds of commodities and crops by traditional methods or in modern cold storage facilities or installations.
- (19) To acquire land and other real estate's which the company may think necessary or convenient for the purpose of business of the company and sell or lease them out in their original condition as open land or after improvement or with installations, buildings and equipments added thereto as the Company may think necessary or convenient for the purpose of business of the Company.
- (20) To establish mutual relief association subject to Islamic Shariah provisions, to insure the Company's own funds, cash deposits and all other fixed and movable assets, as well as mutual insurance organizations for the benefit of other parties.
- (21) To invest funds in construction activities and related engineering industries, as well as in electrical, mechanical electronic and related activities.
- (22) To invest funds in activities related to metal and oil extractions, quarries, fertilizer production and other natural resources.
- (23) To invest funds in all agricultural enterprises related to production of natural crops, fruits and forests, or to animal

husbandry or dairy or poultry or food and fruit canning, or wool production.

- (24) To invest funds for the construction, expansion and replanting of towns and related infrastructure and housing.
- (25) To invest funds in fisheries, sponge-dredging, pearling and other marine or reverie resources.
- (26) To invest funds for building ships, tankers and boats of all kinds and sizes and for construction of dry-docks, floating docks, and shipping maintenance and repair yards.
- (27) To invest funds for digging, widening, dredging and maintaining canals.
- (28) To invest funds in public information media such as newspapers, magazines, radio, television and in projects for verification, publication and dissemination of human heritage as well as in activities related to archaeological excavations and exhibits.
- (29) Generally to carry on and undertake any business, undertaking transaction or operation commonly carried on by bankers, capitalists, promoters, financiers, entrepreneurs and other financial houses.
- (30) To establish a Zakat fund or Charity fund to utilize the same for purposes enjoined by Islam as charitable and meritorious.

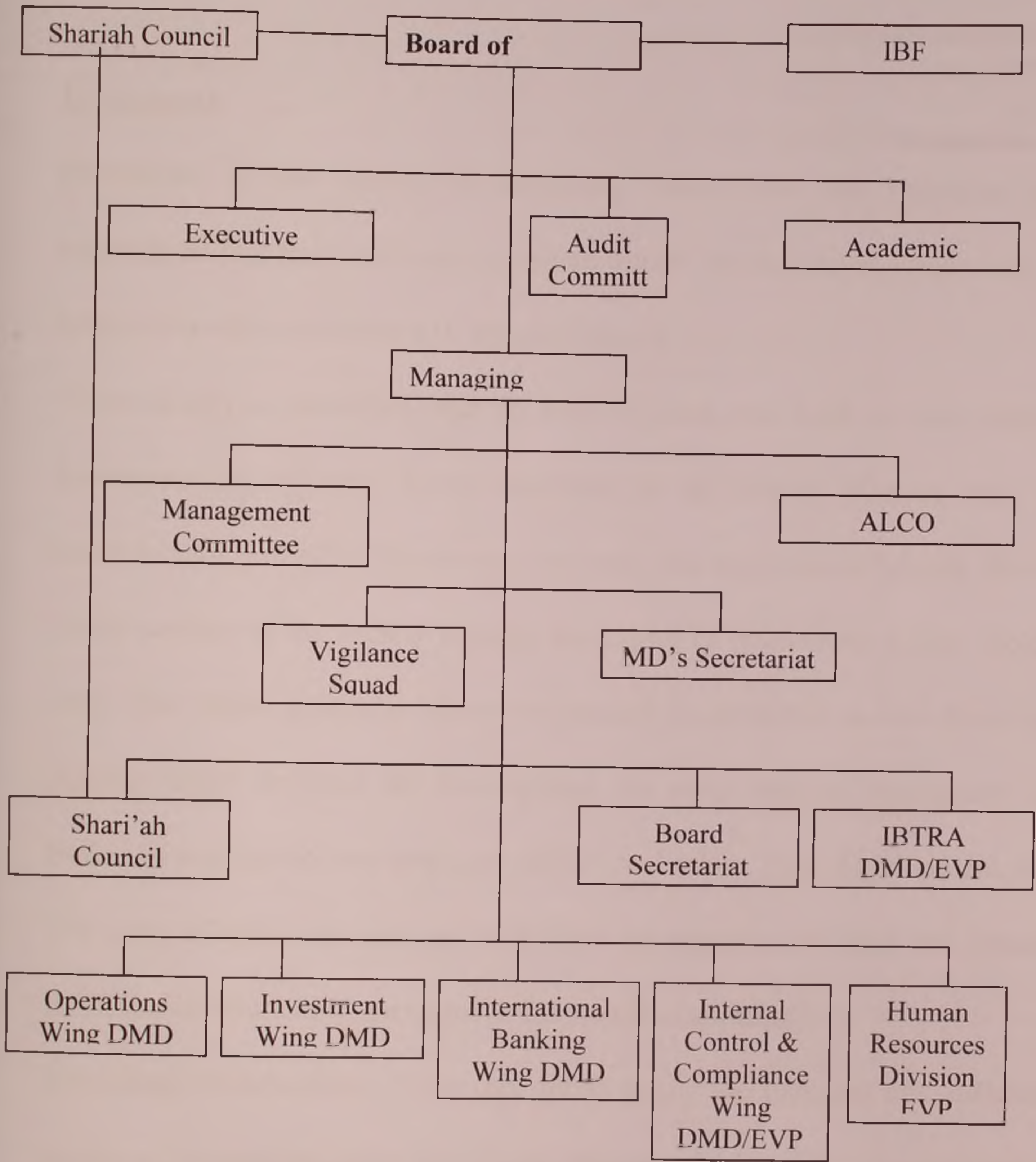
- (31) To do all such other things as are incidental, or as the Company may think conducive, to the attainment of the above objects or any of them, but not inconsistent with Islamic Shariah provisions.
- (32) To carry on any other form of business which the Government may, by notification in the Official Gazette, specify as a form of business in which it is lawful for a banking company to engage.
- Liability Limited. IV. The liability of the members is limited.

5.7 Functions of IBBL

The functions of Islami Bank Bangladesh Limited are as under.

- To maintain all types of deposit accounts
- To handle foreign exchange Business
- To extend other banking services
- To Conduct corporate social responsibilities and social welfare activities

5.8 Organogram:



Source: IBBL Head Office

5.9 Modes of Investment Mechanism of IBBL

Investment

Investment is the action of deploying funds with the intention and expectation that they will earn a positive return for the owner. Funds may be invested in either real assets or financial assets.

When money is deposited with an Islamic Bank, the bank, in turn, makes investments in different forms approved by the Islamic Shariah with the intent to earn profit. Profit earning is not only the objective of Islamic Banks; rather welfare of the society through managing its investment is also looked into. The Banks generally allow investment in different sectors including priority sector declared the Government. Its main areas of investment are trade and commerce, industry, agriculture, real estate, rural development etc. Not only a bank, but also an individual or organization can use Islamic modes of investment to earn profits for wealth maximization.

Investment Mechanisms. There are three major mechanisms and different modes of investment under the Islamic Shariah which are mainly categorized as under.

a. Bai Mechanism

- i. Bai-Murabaha
- ii. Bai-Muajjal
- iii. Bai-Salam

4. Bai-Istisna's

b. Shirakat / Sharing or Partnership Mechanism.

- i. Mudaraba
- ii. Musharaka

c. Ijara / Leasing Mechanism

- i. Ijara / Leasing
- ii. Hire Purchase
- iii. Hire Purchase Under Shirkatul Meelk. (Partnership in Ownership) Investment can be made by the Islamic Banks under the following Modes

Profit & Loss Sharing Mode:

Shirkat / Musharaka

The term refers to a financing technique adopted by Islamic Banks. It is an agreement under which the Islamic bank provides funds which are mingled with the funds of the business enterprise and others. All providers of capital are entitled to participate in the management but not necessarily required to do so. The profit is distributed among the partners in pre-determined ratios, while the loss is borne by each partner in proportion to his contribution.

Profit sharing Loss bearing Mode:

Al-Mudarabah

The word 'Mudarabah' has been derived from the Arabic wordk 'Darb'/'Darbum' which means movement to earn rehmat (Munafa) of Allah. Mudarabah is a form of partnership where one of the contracting parties called the 'Shahib-al-Maal' or the Rabb-ul-Maal' (the financier) provides a specified amount of capital and acts like a sleeping a dormant partner which the other party, called the Mudarib (entrepreneur), provides the entrepreneurship and management for earning on any venture, trade, industry or service with the objectives of earning profits. The Mudarib is in the nature of a trustee as well as an agent of the business. Profit in distributed as per preagreed ratio while the loss is entirely borne by the Shahib-al-Maal.

Bai Mode (Buying & Selling):

Bai-Murabaha:

Literally, sale on profit. Technically, a contract of sale in which the seller-declares his cost and profit. This has been adopted as a mode of financing by a number of Islamic Banks. As a financing technique, it involves a request by the client to the bank to purchase a certain item for him. The bank does that for a definite profit over the cost which is settled in advance.

Bai-Muaijal:

Literally, a credit sale. Technically, a financing technique adopted by Islamic Banks it is a contract, in which the seller allows the buyer to pay the price of a commodity at a future date in a lump sum or in installments. The price fixed for the commodity in such a transaction can be the same as the spot price or higher or lower than the spot price.

Bai-Salam:

This term refers to advance payment for goods which are to be delivered later. Normally, on sale can be effected unless the goods are in existence at the time of the bargain. But this type of sale forms an exception, to the general rule provided the goods are defined and the date of delivery is fixed.

This type of sale are mainly tangible things but exclude gold or silver as these are regarded as monetary values. Barring these, bai-salam covers almost all things which are capable of being definitely described as to quantity, quality and workmanship.

One of the conditions of this type of contract is advance payment, the parties cannot reserve their option of rescinding it but the option of revoking it on account of a defect in the subject matter is allowed. Is also applied to a mode of financing adopted by Islamic Banks. It is usually applied in the agricultural sector where the bank advances money for various inputs to receive a share in the crop, which the bank sells in the market.

Bai-Ishtisna:

Istisna's is a sale contract by which al-sani (the seller) on the basis of the order placed by al-mustasni (the buyer) after having manufactured or otherwise acquired al-masnoo (the goods) as per specification sells the same to al-mustasni for an agreed upon price and method of settlement whether that be in advance, by installments or deferred to a specific time. It is a condition of Ishtisana's contract that al-sani should provide either the raw material or the labour.

Bai-Ishtisna:

Istijrar means purchasing goods from time to time different quantities. In Islamic jurisprudence Istijrar is an agreement where a buyer purchases something from time to time : each time there is no offer or acceptance or bargain. There is one master agreement where all terms and conditions are finalized. There are two types of Istijrar : Whereby the price is determined after all transactions of purchase are complete. Whereby the price is determined in advance but the purchase is executed from time to time.

Bai-As-Safe: It refers to the sale of gold, silver and currency.

Rent Sharing Mode:

Ijarah (Lease)

The term Ijarah has been derived from the Arabic works “(Ajr) and (ujrat) which means consideration, return, wages or rent. This is really the exchange value or consideration, return, wage, rent of service of an ASSET. Ijarah has been defined as a contract between two parties, the Hiree and Hirer where the Hirer enjoys or reaps a specific service or benefit against a specified consideration or rent from the asset owned by the Hiree. It is a hire agreement under which a certain asset is hired out by the Hiree to a Hiree to a Hirer against fixed rent or rentals for a specified period.

Ijarah wa Iqtina (Hire Purchase)

This term refers to a mode of finances adopted by Islamic Banks. It is a contract under which the Islamic Bank finances equipment, building or other facility for the client against an agreed rental together with an undertaking from the client to purchase the equipment or the facility. The rental as well as the purchase price is fixed in such a manner that the bank gets back its principal sum along with some profit which is usually determined in advance.

Hire purchase under Shirkatul Melk (HPSM):

Hire purchase under Shirkatul Melk is a special type of contract which has been developed through practice. Actually, it is a combination of three contracts viz: Shirkat, Ijarah and Sale. Shirkat means partnership, Shirkatul

Melk means share in ownership. When two or more persons supply equity, purchase an asset, own the same jointly, and share the benefit as per agreement and bear the loss in proportion to their respective equity, the contract is called hirkatul Melk contract.

Qurad-al Hasana :

A virtuous loan. Benevolent loan. Investment without any profit. A loan with the stipulation to return the principal sum in the future without any increase.

Muzaraa : A farmer having no land or only a little land may go for sharecropping arrangement with somebody else's land.

Musaqat: If the arrangement is made for playing and tending of fruit trees or maintenance of an orchard, then it is termed as Musaqat.

Juala (commission) : In the case of financier himself being a trader, manufacture, producer or importer, he as a managing party may offer himself to promote the business on a commission basis.

Wakala (agency): It means entrusting person as a businessman to act on his behalf or as his representatives. Here the agent acts on behalf of his principal. The principal has to be responsible for the act of his/her agent.

However, the Islamic Banks in Bangladesh have so far introduced Bai Murabaha, Bai-Muajjal, Bai-Salam & Hire purchase under Shirkatul Melk Modes.

BAI-MURABAHA MODE:

MEANING AND DEFINITION

MEANING

The terms “Bai-Murabaha” have been derived from Arabic words “Bai” and “Ribhun”. The word “Bai” means purchase and sale and the word “Ribhun” means an agreed upon profit. “Bai-Murabaha” means sale on agreed upon profit.

DEFINITION

Bai-Murabaha may be defined as a contract between a buyer and a seller under which the Seller sells certain specific goods permissible under Islamic Shariah and the Law of the land to the Buyer at a cost plus agreed profit payable in cash or on any fixed future date in lump sum or by installments.

The profit marked-up may be fixed in lump sum or in percentage of the cost price of the goods.

TYPES OF MUABAHA

In respect of dealing parties Bai-Murabaha may be of two types.

Ordinary Bai-Murabaha

If there are only two parties, the seller and the buyer, where the seller as an ordinary trader purchases the goods from the market without depending on any order and promise to buy the same from him and sells those to a buyer for cost plus profit, then the sale is called Ordinary Bai-Murabaha.

Bai-Murabaha on Order and Promise

If there are only two parties, the seller and the buyer, the seller and the Bank as an intermediary trader between the buyer and the seller, where the Bank upon receipt of order from the buyer with specification and a prior outstanding promise to buy the goods from the Seller, purchases the ordered goods and sells those to the ordering buyer at a cost plus agreed profit, the sale is called “Bai-Murabaha on Order or Promise”, generally known as Murabaha.

This Murabaha upon order and promise is generally used by the Islami Banks, which undertake the purchase of commodities according to the specification requested by the Clients and sale on Bai-Murabaha to the one who ordered for the goods and promised to buy those for its cost price plus a marked-up profit agreed upon previously by the two parties, the Bank and the Client.

In this Bank, Bai-Murabaha is treated as a contract between the Bank the Client under which the Bank purchases the Specified goods as per order and specification of the Client and sells those to the ordering Client at a cost plus agreed upon profit payable within a fixed future date in lump sum or by fixed installments.

Thus it is a sale of goods on profit by which ownership of the goods is transferred by the Bank to the Client but the payment of the sale price (cost plus profit) the Client is deferred for a fixed period.

It may be noted here that, in case of Bai-Muajjal and Bai-Murabaha, Islamic Bank is a financier to the Client not in the sense that the Bank finances the purchase of goods by the Client, rather it is a financier by deferring the receipt of sale price of the goods sold by the Bank to the Client.

If the Bank does not purchase the goods or does not make any purchase agreement with seller, but only makes payment of any goods directly purchased and received by the Client from the seller under Bai-Muajjal/Bai-Murabaha Agreement, that will be a remittance of the amount on behalf of the Client, which shall be nothing but a loan to him and any profit on this amount shall be nothing but Interest (Riba). Therefore, purchase of goods by the Bank should be for and on behalf of the Bank and the payment of price of goods by the Bank must be made for and on behalf of the Bank. If in any way the payment of price of goods is turned into a payment for and on behalf of the Client or it is paid to the Client any profit on it will be Riba.

IMPORTANT FEATURES

It is permissible for the Client to offer and order to purchase by the Bank particular goods deciding its specification and committing himself to buy the same from the Bank on Murabaha, i.e. cost plus agreed upon profit.

It is permissible to make the promise binding upon the Client to purchase from the Bank, that is, he is to either satisfy the promise or to indemnify the damages caused by breaking the promise without excuse .

It is permissible to take cash/collateral security to guarantee the implementation to the promise or to indemnify the damages.

It is also permissible to document the debt resulting from Bai-Murabaha by a Guarantor, or a mortgage, or both like any other debt.

Mortgage/Guarantee/Cash Security may be obtained prior to the signing of the Agreement or at time of signing the Agreement or at the time of signing the Agreement. Stock and availability of goods is a basic condition for signing a Bai-Murabaha Agreement. Therefore, the Bank must purchase the goods as per specification of the Client to acquire ownership of the same before signing the Bai-Murabaha agreement with the Client.

After purchase of goods the Bank must bear the risk of goods until those are actually sold and delivered to the Client, i.e., after purchase of the goods by the Bank and before selling of those on Bai-Murabaha to the Client buyer.

The Bank shall bear the consequences of any damages or defects, unless there is an agreement with the Client releasing the Bank of the defects, that means. if the goods are damaged, Bank is liable, if the goods are defective; (a defect that is not included in the release) the Bank bears the responsibility.

The Bank must deliver the specified Goods to the Client on specified date and at specified place of delivery as per Contract.

The Bank shall sell the goods at a higher price (Cost + Profit) to earn profit. The cost of goods sold and profit mark-up there with shall separately and clearly be mentioned in the Bai-Murabaha Agreement. The profit mark-up may be mentioned in lump sum or in percentage of the purchase/cost price of the goods. But, under no circumstances, the percentage of the profit shall have any relation with time or expressed in relation with time, such as per month, per annum etc. The price once fixed as per agreement and deferred cannot be further increased. It is permissible for the Bank to authorize any third party to buy and receive the goods on Bank's behalf. The authorization must be in a separate contract.

BAI-MUAJJAL MODE:

MEANING AND DEFINITION

MEANING

The terms "Bai" and "Muajjal" have been derived from arabic words "Azal" and "Baiyu". The word "Baiyu" means purchase and sale and the word "Azal" means a fixed time or fixed period. "Bai-Muajjal" Means sale for which payment is made at a future fixed date or within a fixed period. In short it is a sale on Credit.

DEFINITION:

Bai-muajjal may be defined as a contract between a Buyer and a seller under which the Seller sells certain specific goods (permissible under Shariah and Law of the Country), to the Buyer at an agreed fixed price payable at a

certain fixed future date in lump sum or within a fixed period by fixed installments. The seller may also sell the goods purchased by him as per order and specification to the Buyer.

In this Bank. Bai-Muajjal is treated as a contract between the Bank and the Client under which the Bank sells to the Client certain specified goods, purchased as per order and specification of the Client at an agreed price payable within a fixed future date in lump sum or by fixed installments.

Thus it is a Credit sale of goods by which ownership of the goods is transferred by the Bank to the Client but the payment of sale price by the Client is deferred for a fixed period.

It may be noted here that in case of Bai-Muajjal and Bai-Murabaha, the Islamic Bank is a financier to the Client not in the sense that the Bank finances the purchase of goods by the Client, rather it is a financier by deferring the receipt of the sale price of goods, it sells to the Client. If the Bank does not purchase the goods or does not make any purchase agreement with seller, but only makes payment of any goods directly purchased and received by the Client from the seller under Bai-Muajjal/Bai-Murabaha Agreement, that will be a remittance/payment of the amount on behalf of the Client, which shall be nothing but a loan to the Client and any profit on this amount shall be nothing but Interest.

Therefore, purchase of goods by the Bank should be for and on behalf of the Bank and the payment of price of goods by the Bank must be made for and

on behalf of the Bank. If in any way the payment of price of goods is turned into a payment for and on behalf of the Client or it is paid to the Client any profit on it will be Ribal.

IMPORTANT FEATURES:

It is permissible for the Client to offer an order to purchase by the Bank particular goods deciding its specification and committing himself to buy the same from the Bank on Bai-Muajjal i.e. deferred payment sale at fixed price.

It is permissible to make the promise binding upon the Client of purchase from the Bank, that is, he is to either satisfy the promise or to indemnify the damages caused by breaking the promise without excuse.

It is permissible to take cash/collateral security to Guarantee the implementation of the promise or to indemnify the damages.

It is also permissible to document the debt resulting from Bai-Muajjal by a Guarantor, or a mortgage or both like any other debt. Mortgage/Guarantee/Cash security may be obtained prior to the signing of the Agreement or at the time of signing the Agreement.

Stock and availability of goods is a basic condition for signing a Bai-Muajjal Agreement, Therefore, the Bank must purchase the goods as per specification of the Client to acquire ownership of the same before signing the Bai-Muajjal Agreement with the Client.

After purchase of goods the Bank must bear the risk of goods until those are actually delivered to the Client. The Bank must deliver the specified Goods to the Client on specified date and at specified place of delivery as per Contract. The Bank may sell the goods at a higher price than the purchase price to earn profit. The price once fixed as per agreement and deferred can not be further increased. The Bank may sell the goods at one agreed price which will include both the cost price and the profit. Unlike Bai-Murabaha, the Bank may not disclose the cost price and the profit mark-up separately to the Client.

DIFFERENCE BETWEEN BAI-MURABAHA & BAI-MUAJJAL

BAI-MURABAH	BAI-MUAJJAL
1. The term “Bai-Murabaha” have been derived from Arabic words Bai and Rivhun	1. The term Bai-Muajjal have derived from the words Bai and Ajal.
2. Bai-Murabaha means sales on agreed upon profit.	2. Bai-Muajjal means sale on credit or deferred payment
3. It may be defined as a contract between buyer and seller under which seller sells certain specific goods permissible under Islamic Shariah and the law of	3. It may be defined as a contract between the bank and the client (seller and buyer) under which bank sells to the client certain specified goods

<p>the land to the buyer at a cost plus agreed profit payable in cash or any fixed future date in lump-sum or by installments</p>	<p>(permissible under Islamic Shariah and the law of the country), purchased as per order and specification of the client at an agreed price payable within a fixed future date in lump-sum or by fixed installments.</p>
<p>4. The bank sells the goods at a price above the cost to obtain profit.</p>	<p>4. The bank may sell goods without profit or same as purchase price or even less than purchase price.</p>
<p>5. The purchase price of goods and profit mark-up shall separately and clearly be mentioned in the agreement.</p>	<p>5. Bank is not bound to declare cost of goods and profit mark-up separately to the client.</p>
<p>6. Payment is made at today or on some date in the future in lump-sum or by installments.</p>	<p>6. Payment is made at a future fixed date in lump-sum or in fixed installments.</p>
<p>7. The ownership of the goods can be transferred to the client by completing delivery</p>	<p>7. The ownership of goods must be transferred to the clients on trust receipt.</p>

order and trust receipt or it can be in the sole control of the bank	
1. In Bai-Murabaha agreement there is option for payment either in cash or credit.	2. Spot delivery and payment is deferred.

Musharaka & and Mudaraba Investment :

Meaning and Definition:

The word Musharaka is derived from the Arabic word Sharikah meaning partnership. Islamic jurists point out that the legality and permissibility of Musharakah is based on the injunctions of the Holy Qura'n, Sunnah and Ijma (consensus) of the scholars. It may be noted that Islamic Banks are inclined to use various forms of Shariakt-all Inan because of its built-in flexibility. At an Islamic bank, a typical Musharakah transaction may be conducted in the following manner.

One, two or more entrepreneurs approach an Islamic bank for the finance required for a business. The bank, along with other partners, provides finance. All partners, including the bank, have the right to participate in the agreed ratio which need not be the same as the capital proportion. However, losses are shared in exactly the same proportion in which the different

partners have provided the finance for the project. Musharakah may be of two types:

Types of Musharakad

- i. Sharikat Al Aqd (Contractual Partnership)
- ii. Sharikat Al Meelk (Ownership based Partnership)
- iii. Types of Shariat Al Aqda. Sharikat Al Inan (Contractual Partnership) Sharikat Al Wojoooh or dhimam (Liability Partnership) Sharikat AL Amal (Vocational Partnership and Partnership for undertaking difficult Job or accepting Jobs)

*** Permanent & Diminishing Musharaka**

Rules for Permanent Musharakah:

10. Capital Should be Specific
11. Equal share is not a must.
12. Nature of Capital may be money or valuavles.
13. Active Participation of Partners
14. No Security for Profit
15. Ratio of Profit Prefixed
16. Not a Binding Contract

Rules for Diminishing Musharakah :

- xi. Participation and Sharing Profit & Loss
- xii. Partners retains the Ownership and Right to Management

xiii. Promise to Sell Share to the Partner.

Rules of Mudarabah :

- i. Capital Must be Specific
- ii. Capital Must be in Currency
- iii. Capital Not a of Capital to Mudarib
- iv. Imposition of Restriction on Mudarib allowed
- vii. Hiring Helping Hands By Mudarib permissible
- viii. Disposal of the Mudarb.
- ix. No Security or guarantee Except Negligence
- x. Profit Sharing as Per Agreed Ratio
- xi. Loss to be Borne by the Owner of the Capital
- xii. Profit is Protection to Capital
- xiii. Not a Binding contract.

HPSM : MODE OF INVESTMENT :

HIRE PURCHASE

It is a contract two parties, One is Lesser & another is Lessee to acquire a rentable asset by the Lessor and for taking the services of the Asset by the lessee against rent and payable the value of the asset to the Lessor at a time for getting the Ownership of the Asset. HIRE PURCHASE UNDER

SHIRAKATUL MELK (HPSM)

MEANING : HPSM is a synthesis of three contracts i.e. Shirkat, Ijarh.& Sales.

MAIN ELEMENTS : HPSM

(a) Wording : Offer & Acceptance

(b) Contracting Parties : Lessor & lessee

(c) Subject matter of the contract :

STAGES OF HPSM

(a) Purchase under Joint Ownership

(b) Hire and

(c) Sale and/or transfer of Ownership to the other partner lessee

DEFINITION : HPSM is a special type of contract where both the Bank and the Client supply equity in equal or unequal proportion for purchase of an asset, own the same jointly, share the benefit as per agreement and bear the loss in proportion to their respective equity. The share in the asset in the asset owned by the Bank is hired out to the Client and eventually the Bank sells and transfers its ownership to the Client against payment of price as per agreement.

SOME FEATURES : HPSM

1. The Bank and the client purchase the asset jointly with specified equity sharing the ownership under HPSM contract.
2. Though ownership is joint, asset may be registered in the name of any one mentioning in the HPSMJ agreement.
3. Rent cannot be considered as price or part of price of the Asset.
4. In the HPSM agreement Hire does not sell or Hirer does not purchase the asset but they Promise to sell and purchase the same part by part only.

5. The hire contract become effective from the day on which the Hire transfer the possession of the asset in good order and assemble condition to the Hirer.

6. As the portion of the Bank is sold and transferred part-by-part, the rent will be reduced proportionally.

7. Under HPSM agreement bank will act as partner, Hire and at last as a seller and purchase will be effected by a separate sale contract.

8. Ownership risk will be borne by both the parties proportionally. The Hirer will or destruction of the asset without transgression, default or negligence, otherwise he must be responsible for the same.

9. The Hirer is responsible for keeping the asset in goods condition as a trustee.

10. The Hirer cannot change or remove the property without the permission of the Hiree.

Theory and Practice of Banking : Islamic & Conventional

RULES OF HPSM

Ownership of the asset of both the Hire and the Hirer should be recognized as per law of the land .

The asset (s) to be hired must not be a fungible one (Perishable or consumable).

- The asset (s) and the benefit/service derived from it is within the category of 'Halal' or at least 'Mubah' as per Islamic Shariah.
- The Hiree is under obligation to enable the Hirer to the benefit from the asset (s) by putting the possession of the asset(s) at his disposal in useable condition at the commencement of the hire period.
- In a hire contract, the period of hire and the rental to be paid per unit of time be clearly stated.
- It is a condition that the rental falls due from the date of handing over of the asset to Hirer and not from the date of contract or use of the asset .
- It is permissible to advance³, defer or install the rental in accordance with the Agreement .
- The hired asset is a trust in the hands of the Hirer. He will maintain the asset(s) with due produce and shall not be held responsible for the damage or destruction of the asset without transgression, default or negligence; otherwise he must be responsible for the same.
- The Hiree / owner bears all the basic costs for repairs & maintenance as per contract.
- The Hirer bears the cost of ordinary routine maintenance.
- The hire contract is binding and no one party shall unilaterally resigned except reasons that abrogate binding contract such as damage or destruction.

□ If the hired asset is damaged or destructed by the act of. Allah and if the Hiree offers a substitute with the same specifications agreed upon in the hire contract the contract does not terminate.

□ It is also permissible to sell the hired asset by the Hiree to the Hirer during the tenure of the hire period either part by part or in full at a time.

GTESTATION PERIOD

The period from the date of 1st disbursement for acquisition to the asset/property to the date of handing over of the asset/property to the Hirer in good order and useable condition to derive the gestation period, the asset remains under construction /installation/making from. so the asset can not yield the desired services/benefit(s) and as such no rent should be charged for that period. Taking the cot, utility value addition, market demand fro the asset, the sale Price of the Bank's share of the asset/property may be fixed at a higher Level to cover the cost/benefit of the "Gestation Period" or in other words, the Bank may sell its share in the asset at a higher price with mutual consent of the Bank and the purchaser.

Welfare Oriented Special Investment Schemes:

1. Household Durables Scheme
2. Housing Investment Scheme
3. Transport Investment Scheme
4. Car Investment Scheme
5. Investment Scheme for Doctors

6. Small Business Investment Scheme
7. Agriculture Implements Investment Scheme
8. Rural Development Scheme
9. Micro Industries Investment Scheme
10. SMEs Investment Scheme
11. Women Entrepreneurs Investment Scheme
12. Rural Housing Investment Scheme

5.10 Foreign Exchange Transaction of IBBL

Foreign Exchange and Foreign Trade

Foreign Exchange Meaning: 'Foreign Exchange' means foreign currency. If we consider 'Foreign Exchange' as a subject, then it means all kinds of transaction related to Foreign currency, as well as currency instruments, such as draft, MT, TT, TC, payment Order & Foreign Trade. In other words Foreign Exchange deals with Foreign financial transaction.

Necessity of Foreign Exchange: No country is self-sufficient in this world. Everyone is more or less dependent on another, for goods or services. Say, Bangladesh has cheap manpower whereas Saudi Arabia has cheap petroleum. So Bangladesh is dependent on Saudi Arabia for petroleum and Saudi Arabia is dependent on Bangladesh for cheap manpower. People of one country is going to another country for education, Medical service etc.

Activities of Foreign Exchange: there are three kinds of Foreign Exchange transaction

- a) Import
- b) Export
- c) Remittance

Foreign trade Meaning: No country is self-sufficient in all the goods. Some countries have special advantage to produce some items. Bangladesh can manufacture readymade garments easily due to lower cost of labor. So Bangladesh is exporting readymade garments to USA whereas USA is exporting machinery to Bangladesh due to their favorable production to that item.

Relation between Foreign Exchange and Foreign Trade:

if Foreign Exchange means all the financial transactions in international market, then Foreign Trade is a part of Foreign Exchange. While Foreign Exchange means Foreign Currency, then it is the media of exchange in Foreign trade.

Local regulation for Foreign Exchange: Our Foreign Exchange transaction are being controlled by the following local regulation.

- a) **Foreign Exchange regulation act:** Foreign Exchange regulation (FER) Act. 1997 in the then British India, provides the legal basis for regulating the Foreign Exchange. This Act was adapted in Pakistan and lastly in Bangladesh.

- b) **Guidelines for Foreign Exchange transaction:** This publication issued by Bangladesh Bank in the year 1996 in two volumes. This is compilation of the

instructions to be followed by the authorized Dealers in Transitions relating to foreign Exchange

5.11 Other Existing Programs of IBBL

Other banking service

1. Issuance of Payment Order, Demand Drafts, Telegraphic Transfer.
2. Shared ATM Service has been introduced in selected Branches. IBBL has also introduced own ATM and opened booths in important locations of different areas
3. Locker Service is available in selected Branches.
4. The Bank gives counseling on different issues.
5. Online Banking.
6. SMS Banking.
7. Islami Bank securities Ltd.

Islami Bank Training and Research Academy Ibtra:

Islami Bank Training and Research Academy (IBTRA) was established in 1984, soon after the inception of the Bank. The activities of IBTRA cover both training and research on various aspects of Islamic banking. The academy developed a rich library of its own with a treasure of valuable books on different subjects including Islamic economics, banking, comparative philosophies and journals of home and abroad and research

articles and document. Moreover, Islami Bank Training and Research Academy has introduced Diploma in Islami Banking since 1998.

Islami Bank Foundation:

The welfare activities:

1. Income Generating Programs.
2. Educational programs.
3. Health and Medicare Programs.
4. Humanitarian Help Programs.
5. Relief and Rehabilitation Programs.

Dawah Programs.

Special Scheme:

1. Islmai Bank Hospital.
2. Islami Bank Medical College.
3. Islami Bank Community Hospital.
4. Islami Bank Nursing Training Institute.
5. Islami Bank Institute of Health Technology
6. Monorom: Islami Bank Crafts and Fashion.
7. Islami Bank service Centre
8. Islami Bank Institute of Technology
9. Islami Bank International School and College.
10. Bangladesh Cultural Centre.
11. Distressed Women Rehabilitation Centre.

5.12 Performance of IBBL

Financial Highlight for the last five years

Particulars		Years				
SL.		2007	2008	2009	2010	2011
Balance Sheet Matrix						
01	Authorized Capital	5000	10000	10000	10000	20000
02	Paid up Capital	3801.60	4752.00	6177.60	7413.12	10007.71
03	Share Money Deposit	1.99	1.99	1.99	1.99	1.99
04	Reserve Fund	7418.05	9308.49	13927.94	16081.14	17792.50
05	Retained Earnings	9550.40	1425.60	1853.28	2594.59	3202.47
06	Total Equity	14957.74	18572.08	23619.81	28400.03	33716.73
07	Deposits	166325.29	202115.45	244292.1	291934.60	341583.67
				4		
08	Investment(IISS)	165286.32	187586.55	225752.4	275493.94	322772.83
				1		
09	Investment(EISS)	144920.61	180053.94	214615.8	263225.13	305840.56
				0		
10	Total Assets	250012.79	288017.19	340638.4	443684.79	502613.05
				9		
11	Fixed Assets	3987.23	4407.22	6512.36	6748.44	7100.19
Income and Expenditure Statement Matrix						
12	Investment Income	14572.19	19543.84	21370.53	24766.26	32019.53
13	Profit paid on Deposit	9410.59	12162.10	13076.99	14471.89	18401.22
14	Net Investment Income	5161.60	7381.74	8293.54	10294.37	13618.31
15	Non Investment Income	3127.33	4212.50	4033.33	5362.64	6381.76
16	Total Income	17699.52	23756.33	25403.86	30128.90	38401.29
17	Administrative & Other Exp.	4508.11	5246.40	5809.20	7202.31	9652.76
18	Total Expenditure	13918.70	17408.50	18886.20	21674.20	28053.98
19	Net profit before Tax	3780.82	6347.83	6517.67	8454.17	10347.31

20	Net profit after Tax	1427.36	2674.80	3403.55	4463.47	4841.45
21	Payment to govt.	2385.44	3245.08	3253.23	4108.98	5515.56
Foreign Exchange Business						
22	Import Business	137086	168329	161230	246281	301207
23	Export Business	66690	93692	106424	148421	178244
24	Remittance	84134	140404	194716	214629	236607
25	Total Foreign Exchange Business	287919	402695	462370	609331	716058
Distribution Network						
26	No. of Correspondent Banks	265	275	295	295	313
27	No. of foreign Correspondent	884	906	919	919	935
28	No. of Shareholders	26488	33686	52164	58923	60550
29	No. of Employees	8426	9397	9588	10349	11465
30	No. of Branches	186	206	231	251	268
Shareholders' Information						
31	Dividend	25%	30%	30%	35%	32%
32	NAV per Share	23.60	22.76	27.12	23.48	27.78
33	EPS	3.00	4.33	4.59	4.46	4.84
34	Market Value Per Share	70	83	89	90	83.98
Financial Indicators (%)						
35	Gross Profit Ratio	46.83%	48.80%	48.52%	51.97%	52.08%
36	Cost of Fund (%)	9.06	9.56	8.76	8.65	8.86
37	Cost Income Ratio	0.97	0.73	0.74	0.72	0.73
38	ROE (%)	13.00	19.02	16.92	19.00	17.42
39	Price Earnings Ratio(Times)	17.88	10.78	12.87	13.29	11.27
40	Price Equity Ratio(Times)	1.69	2.05	2.18	2.52	1.96

(Source: Annual Report of IBBL,2011)

5.13 Future Programs of IBBL:

- 01 Introduction of Travelers card (New product)
- 02 Initiation of BEFTN (Bangladesh Electronic Fund Transfer network).
03. Document/ content Management.
04. Data Archiving.
05. Establishment of WAN connectivity at all new Branches and SME/ Krishi Branches from Day one.
- 06 Design and Implementation of Data Communication network Architecture.
- 07 Establishment of largest WAN of the country with dual connectivity to all branches for uninterrupted network service.
- 08 Up gradation of the Data Centre (DC) and Disaster Recovery Site (DRS).
09. Application and implementation of office communication, email and web appliance, Network, Monitoring Tools etc.
11. Introduction of Call Centre to provide smart, appropriate, state of the art support service to the clients, Branches and Head Office simultaneously.
12. Establishment of IP phone, Internet, Video Conference etc. using the WAN connectivity for Head Office and Branches.
- 13 Enrichment of Human Resources though proper training programs on different systems, Networking, Securities etc. (Hardware/ Product Based training) in home and abroad.

5.14 Beauty of Islamic Banking

Introduction

Islamic Banking is a progressive & revolutionary banking system, working effectively & reputedly in modern days,, in many parts of the globe. In many developed & developing countries, this unique banking system works side by side with other conventional banking

An Islamic bank may be defined as a financial intermediary whose objectives and operations as well as principles and practices must conform to the principles of Islamic Law (Shariah); and consequently, is conditioned to operate all its activities. without interest. The introduction of Islamic Banking in modern world is based on the principles of Islamic economics. The aim of Islamic economics, as observed by the Muslim Scholars, is not only the elimination of interest-based transactions and the introduction of Zakah (Contribution to poor) system but also the establishment of just and balanced social order free from all kinds of exploitation. Islamic Banks play a vital role in achieving this balanced social order and establishing ideal Islamic societies in Muslim countries.

An Islamic bank is not only a banker but also a partner in business. The system essentially involves sharing of risk between the owner of capital and the entrepreneurs, as well as sharing the result of the

collective efforts. Thus, it differs from an interest-based system in which the risk is mainly borne by the entrepreneur or by the user of capital. In other way we can call Islamic banking as participatory banking.

Concepts and Functions of Money

- In Islamic financial system money is primarily and exclusive exclusively measure of value, a means of exchange and, a standard for deferred payment. It is distinct from the ethos of western economics - and conventional banking, money is **not considered** a commodity. In itself:
 - Money itself has no intrinsic value. Hence, in Islamic Banking the aim of a bank is not to earn profit from lending money without accepting a level (interest) by the lender of risk.
 - In an Islamic framework, money operates some real economic activities or services. It is not itself productive but a means towards production through the entrepreneur's efforts. The earning of money from money is prohibited - wealth must be generated through legitimate trade and

Processes of Investment/Financial Assistance

The first process is direct investment through, which the people who have money in excess of their needs meet the others who have productive ideas and their expertise join hands to pool the resources for production and exchange: This is the oldest and one of the most common forms of productive cooperation

between money and entrepreneur -Adip. The second is, financial intermediation. In this, process, - there emerges a series of banks and five Institutions, Which act as intermediaries uncial between savers and producers. In principle investments me financial ~ - direct 4 vest nts as, - well as finan . Intermediation are accepted as part of the Islamic framework.

Acceptability of Return/Reward of Capital/ Investment under Islamic Principle

The important issue is that whether It direct investment or financial intermediation, there cannot a :Axed predetermined return m, capital or Investment Le. one party having *;sured return And the whole risk of an entrepreneurship -to be shared by others. This does not mean. that Islam stands for a Zero rate of return or deny a return on capital or Investment. Capital is productive, as it leads to value added, axed as such is entitled to a share from it 'is producing. It is just and reasonable that capital must be rewarded.

Return/reward Should he Variable Depending on the Degree of Risk/ Hazards

What stern, challenges, however, it the right of Capita/ at to a predetermined, fixed- and assured reward Without sharing : any risk -of the project -or enterprise. The: return shall be variable in nature on the oetual-4nce of Perform-the project or enterprise, tithe economy as a

whole. Islam, prohibits. any reward without sharing the.. risks or 'hazards
'JUP the economic undertakings-. This is ft of Islamic financial system.
So, if someone wants to .grove ninny, to another by, way of loan, to help
him in mod, he should go for Quard-e-hassana, where he is assured of his
principal amount only having no increase on that: But if stem is a. question
cif return, it has with risk sharing.

Reward And Risk Must Go Together

Reward and risk Must go together. in Islamic principle, reward without risk
i.e. interest is prohibited in W1 its forms, whether it is 'simple or compound,
low rate Or., high rate, personal or institutional, us public., uninal, private err
public oh a consumption load or on a productive investment.
Whatever, the category may be, any pre-determined, fixed increase
on the basis of time without sharing the risks of the project or
enterprise is riba and this is prohibited in Islam. Without sharing
risk, expectation of reward is exploitation and zulm. To get rid of
such exploitation and zulm Islamic Banking keeps its
operations riba free. In the eye of OTC, Islamic Bank is a financial
Institution whose statutes, rules and procedures expressly state
its commitment to the principles of Islamic Shariah and to the
banning of the receipt and payment of interest on any of its
operations.

Islamic finance stands for a system of equity and return/risk sharing. It operates in the principle of variable return based on actual productivity and the performance of the projects/enterprise where risk/hazards are inherent components.

Fundamental Objectives of Islamic Banking

The fundamental objective of Islamic Banking is to bring about departure from the conventional system moving from a debt-based relationship to an equity-based and stake-taking economy. While there are scopes for some debt-based transactions on the principle of quard-e-hasana, the overall thrust of the Islamic banking would be towards equity based and risk sharing arrangements. This is distinct from the capitalist approach where the whole economy is revolved round making money by manipulating, managing the evils of interest and compounding interest mechanism. This is the root cause of exploitation in society and leads to the inequitable distribution of income and wealth in the economy.

Depositors Take the Risk

In Islamic Banking system, Deposit is mobilized on Mudaraba basis. In this system, the depositors share the reward/risk -of the activities- of their fund. If the Bank faces any risk or hazard on utilizing depositors' fund, the utilizing depositors take the risk. For this reason

profit rate of Islamic Banks varies from year to year i.e. profit earning is lower or incur loss and even principal deposit amount may be affected, if the volume of risk is much higher. On the other hand, conventional Bank committed to pay predetermined fixed interest without sharing risk. So, there is no risk of reducing the principal deposit amount or even there. no scope for variation of interest rate. Thus unlike conventional bank in Islamic Banking the depositors equally shares the profit and loss in the investment of deposited money and absorbs risks/hazards, the ratio of Capital Adequacy should be different. In the Islamic Banking system. the depositors are the partners and take the risk, so the capital Adequacy ratio for Islamic Banks should be lower than conventional Banks and even it should be zero. Like-wise, Islamic Banks should be excluded from paying premium to Amanat Bima Trust Tahbil Hishab (Deposit Insurance Trust Fund Account).

Ethical Framework of Islamic Banking

Islamic banking is based on an ethical framework. It is not only a shifting from a debt-based economy to an equity based economy but also a movement from pecuniary situation to an economy of ethical norms & social commitments. There is a framework of halal and Karam within which all economic activities, private and public,

has to take place. The activities like pornography, gambling, prostitution, the promotion of alcohol, tobacco, cigarettes, cinema etc. would be treated in the capitalist system as productive because it is supposed to be satisfying some demand but in the Islamic framework which would be unacceptable. So, ethical and social dimensions are integral to the Islamic Banking approach. It asks questions, such. as : what are the objectives for which money is being acquired? Will it benefit individuals, society and humanity? will it lead to the establishment of a just, honorable, sustainable society, or result in exploitation, moral degeneration, social tensions and inequities?

Entrepreneur Friendly

Islamic finance and banking is entrepreneur friendly. It is directed not towards mere financial expansion, but towards the physical expansion of economic production and services. Money does not create money. It is expected to finance talent, innovative spirit, new ideas, skills and opportunities. It is expected to result in greater decentralized economic activity and more equitable distribution of resources and wealth in society. Conventional banking operates predominantly on the principle of financial collateral with the result that the concentration of wealth, income and power take place on a vast scale. The emphasis shifts from the viability of a

project to the financial worth of the borrower. In Islamic banking system security is not irrelevant, but more emphasis is a' trustworthiness on trustworthiness of the entrepreneur and the viability and usefulness of the project/enterprise.

Non-inflationary System

The Islamic system is non-inflationary which is very important and fundamental feature of Islamic Banking. Islamic financial and banking restores equilibrium among financial expansion, money supply and physical expansion. Stability in the value of money is a primary goal of an Islamic economy.

Difference between Islamic Banking and Conventional Banking

Islami Banking is completely separate and distinctive from Conventional Banking in regard to its principles, objectives, goals, procedures and methodologies. To summarize he basic difference of Islamic Banking and Conventional Banking as discussed above are:

Islami Banking	Conventional Banking
1. All the activities of Islamic Banking are done according to Islamic law (Shariah) Le. as per guidelines and directives of the Holy Quran and the Sunnah.	1. The activities of conventional banking are done by the procedure and laws made by human being.

<p>2. The main objective of Islamic Banking is to help in building development and making welfare of the human being by ending exploitation and Zulm from the society through the directives of the Almighty Allah.</p>	<p>2. Conventional Banking runs on fully commercial basis where there is no scope for human welfare. The main objective of such banking is to improve & develop the fate of a few classes of people.</p>
<p>3. In Islamic Banking, Interest (Riba) is strictly prohibited and consequently all its activities are operated without involvement of interest.</p>	<p>3. The basis of conventional banking is interest and as such its all activities are operated with interest.</p>
<p>4. Its sources of Income are profit and rental. Profit is uncertain and calculated after completion of the business or transactions where the investors have risk.</p>	<p>4. Its source of Income is interest (Riba). Interest is pre-fixed and certain. Debtor is bound to pay the interest and the creditors have no risk of loss.</p>
<p>5. An Islamic Bank is not</p>	<p>5. In conventional Bank, the relation between customer</p>

<p>only a Banker but also a partner in business. It is a participatory Banking in both capital and profit/loss.</p>	<p>and Banker is nothing but debtor and creditor. The Bank does not have the responsibility of profit/loss of the customer.</p>
<p>6. To ensure equitable distribution of wealth and to establish socio-economic justice is the main principle of Islamic Banking.</p>	<p>6. Conventional Banks do not think about such economic and social responsibility.</p>
<p>7. Islamic Banks make coordination with social development and economic development. It has clear social commitment.</p>	<p>7. There is no such commitment or undertaking in conventional Banking system.</p>
<p>8. Islamic Banks do not do trading of money rather partnership and trading of goods/commodities is its</p>	<p>8. Conventional Bank do trading of money and get interest from that trade where there is no direct</p>

<p>legitimate business. Banks don't pay money directly to its customers as investment. They allow investment through commodities and profit out of buying and selling of commodities is the profit of the Bank. On the other hand, the Bank shares the profit of partnership business with its customers.</p>	<p>relation of partnership or commodities.</p>
<p>9. Islamic Banks encourage investment in production of essentials as well as in social welfare sector.</p>	<p>9. Conventional banks don't consider -these factors/ aspects rather it gives more importance on earning interest.</p>
<p>10. Islamic Banks does</p>	<p>10. There is no justification or</p>

<p>not do the business on items harmful for societies though there is possibilities to earn more profit there against.</p>	<p>consideration as to whether the business is good or bad in conventional banking system. Earning interest is the only motive of this system.</p>
--	--

Chapter-Six

Analysis and Findings

Analysis and Findings

For this study, the use of multiple methods to examine the same dimension of the research problem has been applied. For example, whether planning of IBBL is effective and practical oriented or not. Finally, information gathered from different methods has been examined and combined through tabulation as follows.

Table-1

Age		Length of Service (Years)			Education Level		
		1-5	6-10	11- above	Under Graduate	Graduate	Post Graduate
20-30	37	39	38	23	2	16	82
31-40	50						
41-50	13						

Above table are divided in tree types. Such as age, length of service and education level.

The Demography of the respondents says that 37% of the respondents are between age of (20-30). 50% of the respondents are between age of (31-40). 13% of the respondents are between age of (41-50).

39% of the respondents that length of service are (1-5)year.38% of the respondents that length of service are (6-10) year. 23% of the respondents that length of service are (11-above).

82% of the respondents recruited post graduate. 16% of the respondents recruited graduate. 2% of the respondents recruited under graduate.

It Indicate that the IBBL will recurred the post graduate of the employee in the coming future.

Table-2

Training Received by the respondents.

SL	Yes	No	Total	Percentages
Received training	94	6		
Training not Received	(94%)	(6%)	100	100%

Table-3 Foreign Training Received by the Respondents.

SL	Yes	No	total	Percentages
Weather any foreign training received or not	0	100	100	100%

Nature of planning in IBBL.

The nature of planning in IBBL is more or less practical oriented. That only for achieving the reasonable objectives, planning is made and executed. The respondents were asked about the nature of planning in IBBL. Their responses are shown in the following.

Table-4

Opinion	No.of Response	Percentages
Strongly Agree	66	66%
Agree	32	32%
Not Sure	0	0%
Disagree	0	0%
Strongly Disagree	2	2%
	100	100%

66% of the respondents strongly agreed that the planning of IBBL is deciding in advance . No respondents disagreed in this regard.

Table-5

IBBL planing is effective and practical Oriented

Opinion	No.of Response	Percentages
Strongly Agree	50	50%
Agree	44	44%
Not Sure	4	4%
Disagree	2	2%
Strongly Disagree	2	2%
	100	100%

50% of the respondents Strongly Agree that the planing of IBBL is effective and practical oriented. Only 2% of the respondents Disagree in the regard.

Table-6

Successful planning in IBBL

Opinion	No.of Response	Percentages
Strongly Agree	26	26%
Agree	56	56%
Not Sure	8	8%
Disagree	10	10%
Strongly Disagree	0	0%
	100	100%

56% of the respondents agree that the successful of the planning in IBBL

No respondents strongly disagree in this regard.

Table-7

Forecast of planning in IBBL.

Opinion	No.of Response	Percentages
Strongly Agree	36	36%
Agree	62	62%
Not Sure	0	0%
Disagree	2	2%
Strongly Disagree	0	0%
	100	100%

62% of respondents agree that the forecast of planning in IBBL. No respondents strongly disagreed in this regard.

Table-8

Function of planning is less important than the function of doing.

Opinion	No.of Response	Percentages
Strongly Agree	15	15%
Agree	19	19%
Not Sure	13	13%
Disagree	23	23%
Strongly Disagree	30	30%
	100	100%

19% of the respondents agree that the planning is less important than the function of doing. only 30% of the respondents strongly disagreed on this regard. 13% of the respondents are not sure and 23% of the respondents disagreed in the same issue.

Table-9

Planning of IBBL is costly and there is little time for it.

Opinion	No. of Response	Percentages
Strongly Agree	14	14%
Agree	8	8%
Not Sure	3	3%
Disagree	47	47%
Strongly Disagree	28	18%
	100	100%

14% of the respondents strongly agree that the planning is costly. 47% of the respondents disagreed in this regard.

Table-10

The time is invested in planning for achievement target.

Opinion	No.of Response	Percentages
Strongly Agree	52	52%
Agree	44	44%
Not Sure	1	1%
Disagree	3	3%
Strongly Disagree	0	0%
	100	100%

52% of the respondents strongly agree that the time is invested in planning for achievement target. No respondents strongly disagreed in this regard.

Table- 11

Perfect decision in planning of IBBL.

Opinion	No. of Response	Percentages
Strongly Agree	6	6%
Agree	10	10%
Not Sure	7	7%
Disagree	37	37%
Strongly Disagree	40	40%
	100	100%

40% of the respondents strongly disagreed that is no perfect decision in IBBL planning. Only 6% of the respondents strongly agreed on this regard.

Table-12

Consultative decision making in IBBL.

Opinion	No. of Response	Percentages
Strongly Agree	25	25%
Agree	53	53%
Not Sure	13	13%
Disagree	8	8%
Strongly Disagree	1	1%
	100	100%

53% of the respondents agree that the formulate of plan IBBL to follow the consultative decision making. Only 1% respondents strongly disagreed in this regard.

Table-13

Upward decision making in IBBL.

Opinion	No. of Response	Percentages
Strongly Agree	24	24%
Agree	49	49%
Not Sure	8	8%
Disagree	15	15%
Strongly Disagree	4	4%
	100	100%

49% of the respondents agree that the formulate of plan, IBBL follow the upward decision making. Only 4% of the respondents strongly disagreed of this regards.

Table-14

Proper planning minimize of cost and wastage of time

Opinion	No. of Response	Percentages
Strongly Agree	62	62%
Agree	35	35%
Not Sure	1	1%
Disagree	1	1%
Strongly Disagree	1	1%
	100	100%

62% of the respondents strongly agree that the Proper planning minimize of cost and wastage of time. Only 1% of the respondents disagreed in this regard.

Table-15

Islamic Shariah principles in IBBL.

Opinion	No.of Response	Percentages
Strongly Agree	58	58%
Agree	37	37%
Not Sure	3	3%
Disagree	2	2%
Strongly Disagree	0	0%
	100	100%

58% of the respondents strongly agree to formulate of plan, UBBL follows the Islami Shariah principles. No respondents strongly disagreed in this regard. **Nature of organizing in IBBL.**

Table-16

The Organizing of IBBL is effective and practical oriented?

Opinion	No.of Response	Percentages
Strongly Agree	37	37%
Agree	63	63%
Not Sure	0	0%
Disagree	0	0%
Strongly Disagree	0	0%
	100	100%

63% of the respondents agree that the organizing of IBBL is effective practical oriented. No respondents disagreed in this regard.

Table-16

Delegation of authority means fixation of power on the extensive of the organization.

Opinion	No. of Response	Percentages
Strongly Agree	24	24%
Agree	62	62%
Not Sure	10	10%
Disagree	2	2%
Strongly Disagree	2	2%
	100	100%

62% of the respondents agree that the delegation of authority means fixation of power on the extensive of the organization. Only 2% of respondents disagreed and 10% of the respondents not sure on the regard.

Table-17

Without delegation of authority, the president should be only the management member of the organization.

Opinion	No. of Response	Percentages
Strongly Agree	20	20%
Agree	58	58%
Not Sure	13	13%
Disagree	8	8%
Strongly Disagree	1	1%
	100	100%

58% of the respondents agree that the without delegation of authority, the president should be only the management member of the organization. Only 1% of the respondents Strongly disagreed in this regard.

Table-18

Delegation of authority means division of power between the managerial level.

Opinion	No. of Response	Percentages
Strongly Agree	21	21%
Agree	61	61%
Not Sure	7	7%
Disagree	10	10%
Strongly Disagree	1	1%
	100	100%

61% of the respondents agree that the delegation of authority means division of power between the managerial level. Only 1% of the respondents strongly disagreed in this regard.

Table-19

The delegation creates insubordination.

Opinion	No. of Response	Percentages
Strongly Agree	6	6%
Agree	26	26%
Not Sure	18	18%
Disagree	25	25%
Strongly Disagree	25	25%
	100	100%

26% of the respondents agree that the delegation creates insubordination. 18% of the respondents are not sure, 25% of the respondents disagreed and 25% of the respondents strongly disagreed in this regard.

Table-20

IBBL Centralized authority and responsibility.

Opinion	No.of Response	Percentages
Strongly Agree	9	9%
Agree	26	26%
Not Sure	9	9%
Disagree	42	42%
Strongly Disagree	14	14s%
	100	100%

42% of the respondents disagreed that the IBBL centralized and responsibility. Only 9% of the respondents strongly agreed on this regard.

Table-21

IBBL decentralized authority.

Opinion	No.of Response	Percentages
Strongly Agree	26	26%
Agree	51	51%
Not Sure	7	7%
Disagree	10	10%
Strongly Disagree	6	6%
	100	100%

51% of the respondents agree that the IBBL decentralized authority. Only 6% of the respondents strongly disagreed on this regard.

Table-22

IBBL Organizing capability is very high.

Opinion	No.of Response	Percentages
Strongly Agree	17	17%
Agree	70	70%
Not Sure	5	5%
Disagree	8	8%
Strongly Disagree	0	0%
	100	100%

70% of respondents agree that the IBBL organizing capability is very high.

No respondents strongly disagreed in this regard.

Table-23

The Organizing of IBBL is based on Islamic Shariah.

Opinion	No.of Response	Percentages
Strongly Agree	54	54%
Agree	42	42%
Not Sure	4	4%
Disagree	0	0%
Strongly Disagree	0	0%
	100	100%

54% of the respondents strongly agree that the organizing of IBBL is based on Islami Sharia. No respondents strongly disagreed in this regard.

Staffing System In IBBL.

Table-24

The IBBL follows the internal policy for recruitment and selection.

Opinion	No.of Response	Percentages
Strongly Agree	26	26%
Agree	56	56%
Not Sure	0	0%
Disagree	5	5%
Strongly Disagree	13	13%
	100	100%

56% of the respondents agree that the IBBL follows the internal policy for recruitment and selection. Only 5% of the respondents disagreed in this regard.

Table-25

The bank accept references for recruitment and selection.

Opinion	No.of Response	Percentages
Strongly Agree	2	2%
Agree	13	13%
Not Sure	14	14%
Disagree	30	30%
Strongly Disagree	41	41%
	100	100%

41% of the respondents strongly disagreed that the bank accept reference for recruitment and selection. Only 2% of the respondents strongly agreed in this regard.

Table-26

The bank properly recruitment advertisement indifferent national dailies.

Opinion	No.of Response	Percentages
Strongly Agree	50	50%
Agree	47	47%
Not Sure	2	2%
Disagree	1	1%
Strongly Disagree	0	0%
	100	100%

50% of the respondents strongly agree that the bank properly recruitment advertisement in different national dailies. No respondents strongly disagreed in this regard.

Table-27

The bank follows the set rules in selection procedure

Opinion	No.of Response	Percentages
Strongly Agree	19	19%
Agree	73	73%
Not Sure	7	7%
Disagree	1	1%
Strongly Disagree	0	0%
	100	100%

73% of the respondents agree that the bank follows the set rules in selection procedure. No respondents strongly disagreed in this regard.

Table-28

The selection committee performs their duties properly and honestly.

Opinion	No.of Response	Percentages
Strongly Agree	34	34%
Agree	54	54%
Not Sure	8	8%
Disagree	2	2%
Strongly Disagree	2	2%
	100	100%

54% of the respondents agree that the selection committee of IBBL perform their duties properly and honestly. Only 2% of respondents disagreed in this regard.

Table-29

The quota system is maintained in selection of officer in IBBL.

Opinion	No.of Response	Percentages
Strongly Agree	6	6%
Agree	7	7%
Not Sure	14	14%
Disagree	40	40%
Strongly disagree	33	33%
	100	100%

40% of the respondents disagreed that the quota system is maintained in selection of officer in IBBL. Only 6% of the respondents strongly agreed in this regard.

Table-30

The recruitment and selection procedure in your bank is very fair.

Opinion	No.of Response	Percentages
Strongly Agree	48	48%
Agree	44	44%
Not Sure	6	6%
Disagree	2	2%
Strongly disagree	0	0%
	100	100%

48% of the respondents strongly agree that the recruitment and selection procedure in your bank is very fair. No respondents strongly disagreed in this regard.

Table-31

The training and development policy is followed IBBL properly.

Opinion	No.of Response	Percentages
Strongly Agree	32	32%
Agree	54	54%
Not Sure	2	2%
Disagree	11	11%
Strongly Disagree	1	1%
	100	100%

54% of the respondents agree that the training and development policy is followed IBBL properly. Only 1% of the respondents strongly disagreed in this regard.

Table-32

The selection for training and development is fair and unbiased.

Opinion	No.of Response	Percentages
Strongly Agree	32	32%
Agree	56	56%
Not Sure	5	5%
Disagree	6	6%
Strongly Disagree	1	1%
	100	100%

56% of the respondents agree that the selection for training and development is fair and unbiased. Only 1% of the respondents strongly disagreed in this regard.

Table-33

The objective set by the bank for training and development are achieved.

Opinion	No.of Response	Percentages
Strongly Agree	20	20%
Agree	73	73%
Not Sure	4	4%
Disagree	3	3%
Strongly Disagree	0	0%
	100	100%

73% of the respondents agree that the objective set by the bank for training and development are achieved. No respondents strongly disagreed in this regard.

Table-34

IBBL follows the set rules for foreign deputation and training.

Opinion	No.of Response	Percentages
Strongly Agree	17	17%
Agree	37	37%
Not Sure	23	23%
Disagree	10	10%
Strongly Disagree	13	13%

100

100%

37% of the respondents agree that the IBBL follows the set rules for foreign deputation and training. Only 10% of the respondents disagreed in this regard.

Table-35

Training is essential for skill development of the employees of the bank.

Opinion	No.of Response	Percentages
Strongly Agree	66	66%
Agree	28	28%
Not Sure	2	2%
Disagree	3	3%
Strongly Disagree	1	1%
	100	100%

66% of the respondents strongly agree that the training is essential for skill development of the employees in the bank. Only 1% of the respondents strongly disagreed in this regard.

Table-36

Evaluation system of IBBL after completion of training or degree

Opinion	No.of Response	Percentages
Strongly Agree	28	28%
Agree	34	34%
Not Sure	11	11%
Disagree	27	27%
Strongly Disagree	0	0%
	100	100%

34% of the respondents agree that the evaluation system of IBBL after completion of training or degree. 27% of the respondents disagreed and no respondents strongly disagreed in this regard.

Table-37

Pay structure to compensate in IBBL.

Opinion	No.of Response	Percentages
Strongly Agree	34	34%
Agree	47	47%
Not Sure	9	9%
Disagree	8	8%
Strongly Disagree	2	2%
	100	100%

47% of the respondents agree that is there any pay structure to compensate of the officer of your bank. Only 2% of the respondents strongly disagreed in this regard.

Table-38

The compensation benefit of IBBL is sufficient in comparison to other private bank.

Opinion	No.of Response	Percentages
Strongly Agree	4	4%
Agree	27	27%
Not Sure	18	18%
Disagree	27	27%
Strongly Disagree	24	24%
	100	100%

27% of the respondents agree that the compensation benefit of IBBL is sufficient in comparison to other private bank. 18% of the respondents is not sure and 27% of the respondents disagreed in this regard.

Table-39

The scheme of health and safety benefit in IBBL.

Opinion	No.of Response	Percentages
Strongly Agree	13	13%
Agree	54	54%
Not Sure	13	13%
Disagree	14	14%
Strongly Disagree	6	6%
	100	100%

54% of the respondents agree that is there any scheme of health and safety benefit in your bank. Only 6% of the respondents strongly disagreed in this regard.

Table-40

Age limit from entry level up to retirement of IBBL

Opinion	No.of Response	Percentages
Strongly Agree	43	43%
Agree	50	50%
Not Sure	1	1%
Disagree	6	6%
Strongly Disagree	0	0%
	100	100%.

50% of the respondents agree that any age limit from entry level up to retirement of the officer of your bank. No respondents strongly disagreed in this regard.

Table-41

Provision of retirement benefit and welfare scheme of IBBL.

Opinion	No.of Response	Percentages
Strongly Agree	43	43%
Agree	50	50%
Not Sure	1	1%
Disagree	6	6%
Strongly Disagree	0	0%
	100	100%

56% of the respondents agree that provision of retirement benefit and welfare scheme of the office in the bank. No respondents disagree in this regard.

Table-42

Performance appraisal system of IBBL.

Opinion	No. of Response	Percentages
Strongly Agree	9	9%
Agree	54	54%
Not Sure	9	9%
Disagree	27	27%
Strongly Disagree	1	1%
	100	100%

54% of the respondents agree that the Performance appraisal system of IBBL is very fair. Only 1% of the respondents strongly disagreed in this regard.

Table-43

The set structural format or guide line for performance appraisal.

Opinion	No. of Response	Percentages
Strongly Agree	6	6%
Agree	52	52%
Not Sure	15	15%
Disagree	26	26%
Strongly Disagree	1	1%
	100	100%

52% of the respondents agree that the set structural format or guide line for performance appraisal. Only 1% of the respondents strongly disagreed in this regard.

Table-44

Performance appraisal report to consider for promotion in IBBL.

Opinion	No. of Response	Percentages
Strongly Agree	15	15%
Agree	45	45%
Not Sure	9	9%
Disagree	16	16%
Strongly Disagree	15	15%
	100	100%

45% of the respondents agree that the Performance appraisal report to consider for promotion in IBBL. Only 15% of the respondents strongly disagreed in this regard.

Table-45

The promotion system of IBBL is very good in comparison to other bank.

Opinion	No. of Response	Percentages
Strongly Agree	14	14%
Agree	31	31%
Not Sure	4	4%
Disagree	31	31%
Strongly Disagree	20	20%
	100	100%

31% of the respondents agree that the promotion system of IBBL is very good in comparison to other bank. 20% of the respondents strongly disagreed in this regard.

Table-46

The promotion system in IBBL.

Opinion	No. Of Response	Percentages
Strongly Agree	13	13%
Agree	38	38%
Not Sure	14	14%
Disagree	19	19%
Strongly Disagree	16	16%
	100	100%

38% of the respondents agree that the promotion system in your bank is very fair.

Only 16% of the respondents strongly disagreed on this regard.

Table-47

The labor Management relation in IBBL.

Opinion	No.of Response	Percentages
Strongly Agree	10	10%
Agree	67	67%
Not Sure	14	14%
Disagree	7	7%
Strongly Disagree	2	2%
	100	100%

67% of the respondents agree that the labor management relation is the bank is very effective. Only 2% of the respondents strongly disagreed in this regard.

Table-48

The staffing system of IBBL is based on Islamic Shariah.

Opinion	No.of Response	Percentages
Strongly Agree	39	39%
Agree	54	54%
Not Sure	6	6%
Disagree	0	0%
Strongly Disagree	1	1%
	100	100%

54% of the respondents agree that the staffing system of IBBL is based on Islamics Sharia. No respondents disagreed in this regard.

Controlling capability in IBBL.

Table-49

The controlling capability of IBBL is effective and practical oriented.

Opinion	No.of Response	Percentages
Strongly Agree	17	17%
Agree	69	69%
Not Sure	5	5%
Disagree	7	7%
Strongly Disagree	2	2%
	100	100%

69% of the respondents agree that the controlling capability of IBBL is effective and practical oriented. Only 2% of the respondents strongly disagreed in this regard.

Table-50

Controlling process hampers the freedom of employees.

Opinion	No.of Response	Percentages
Strongly Agree	3	3%
Agree	29	29%
Not Sure	18	18%
Disagree	35	35%
Strongly Disagree	15	15%
	100	100%

29% of the respondents agree that the Controlling process hampers the freedom of employees. 18% of the respondents is not sure, 35% disagreed and 15% strongly disagreed in this regard.

Table-51

Management of the performance is the only way to control.

Opinion	No.of Response	Percentages
Strongly Agree	5	5%
Agree	36	36%
Not Sure	23	23%
Disagree	30	30%
Strongly Disagree	6	6%
	100	100%

36% of the respondents agree that the management of the performance is the only way to control. 23% of the respondents is not sure, 30% disagreed and only 6% strongly disagreed in this regard.

Table-52

Without severe corrective measure Islamic Organization could not service.

Opinion	No.of Response	Percentages
Strongly Agree	4	4%
Agree	53	53%
Not Sure	35	35%
Disagree	8	8%
Strongly Disagree	0	0%
	100	100%

53% of the respondents agree that the without severe corrective measure Islamic Organization could not service. 35% of the respondents is not sure. No respondents strongly disagreed in this regard.

Table-53

The control technique of Umor (R.A) is well known in the Muslim world.

Opinion	No.of Response	Percentages
Strongly Agree	60	60%
Agree	38	38%
Not Sure	2	2%
Disagree	0	0%
Strongly Disagree	0	0%
	100	100%

60% of the respondents strongly agree that the control technique of Umor (R.A) is well known in the Muslim world. No respondents disagreed in this regard.

Table-54

Fear of Allah is the best guide to self control.

Opinion	No.of Response	Percentages
Strongly Agree	95	95%
Agree	5	5%
Not Sure	0	0%
Disagree	0	0%
Strongly Disagree	0	0%
	100	100%

95% of the respondents strongly agree that the fear of Allah is the best guide to self control. No respondents disagreed in this regard.

Table-55

Planning and controlling may be viewed as the blades of a pair of scissors.

Opinion	No.of Response	Percentages
Strongly Agree	20	20%
Agree	60	60%
Not Sure	16	16%
Disagree	2	2%
Strongly Disagree	2	2%
	100	100%

60% of the respondents strongly agree that the Planning and controlling may be viewed as the blades of a pair of scissors. Only 2% of the respondents disagreed in this regard.

Table-56

Controlling is not required at all levels of managerial functions.

Opinion	No.of Response	Percentages
Strongly Agree	3	3%
Agree	32	32%
Not Sure	5	5%
Disagree	30	30%
Strongly Disagree	30	30%
	100	100%

32% of the respondents agree that the controlling is not required at all levels of managerial functions.5% of the respondents is not sure,30% of the respondents disagreed in this regard.

Table-57

Goal orientation can ensure control in activities.

Opinion	No.of Response	Percentages
Strongly Agree	14	14%
Agree	78	78%
Not Sure	5	5%
Disagree	3	3%
Strongly Disagree	0	0%
	100	100%

78% of the respondents agree that the goal orientation can ensure control in activities .No respondents Strongly Disagreed in this regard.

Table-58

Controlling is a function for every manager from president to supervisor.

Opinion	No. Of Response	Percentages
Strongly Agree	29	29%
Agree	66	66%
Not Sure	4	4%
Disagree	1	1%
Strongly Disagree	0	0%
	100	100%

66% of the respondents agree that the controlling is a function for every manager from president to supervisor. No respondents strongly disagreed in this regard.

Table-59

Controlling helps in effective plan and design for future days.

Opinion	No. Of Response	Percentages
Strongly Agree	51	51%
Agree	45	45%
Not Sure	2	2%
Disagree	2	2%
Strongly Disagree	0	0%
	100	100%

51% of the respondents strongly agree and 45% agree that the controlling helps in effective plan and design for future days. No respondents strongly disagreed in this regard.

Table-60

Self control is the best control.

Opinion	No. Of Response	Percentages
Strongly Agree	71	71%
Agree	26	26%
Not Sure	1	1%
Disagree	2	2%
Strongly Disagree	0	0%
	100	100%

71% of the respondents strongly agree and 26% agree that the self control is the best control. No respondents strongly disagreed in this regard.

Table-61

Management can never ensure ultimate control.

Opinion	No. Of Response	Percentages
Strongly Agree	14	14%
Agree	52	52%
Not Sure	10	10%
Disagree	23	23%
Strongly Disagree	1	1%
	100	100%

52% of the respondents agree and 14% strongly agree that the Management can never ensure ultimate control. 10% of the respondents is not sure, 23% disagreed and only 1% strongly disagreed in this regard.

Table-62

Controlling system of IBBL is based on Islamic Shariah.

Opinion	No.of Response	Percentages
Strongly Agree	46	46%
Agree	45	45%
Not Sure	4	4%
Disagree	5	5%
Strongly Disagree	0	0%
	100	100%

46% of the respondents strongly agree and 45% agree that the Controlling system of IBBL is based on Islamic Shariah. Only 4% of the respondents is not sure, 5% disagreed and no respondents strongly disagreed on this regard.

Conclusion & Recommendations

CHAPTER-SEVEN

Conclusions & Recommendations

7.1 Conclusions :

In traditional (present) system of management, the activities of employees of the members of the organizations can be organized, coordinated, motivated and controlled for the benefit of the organization itself, but there is no guarantee that these people will show their same nature of attitude in the society as well as in their family life. In maximum cases it is observed that the people managed under traditional system of management show different attitudes and behavior in the society and family life. But the people who were managed under the Islamic management during the period of prophet (SAW) and Khalapha-E-Rasheda proved their worthiness by showing the same nature of attitude and behavior both for the organization, firm, society and family. Because under Islamic management thousands of instructions, directions, rules procedures and policies have been recommended by Muhammad (SAW) through the Holy Quran and Hadith for the better management of organizations, society and family life. At present Muslims do not observe the rules and regulations of Islam and for this reason there is a great fall in the achievement of result in management of organizations of Muslims (even mosques) of Bangladesh as well as the Muslim Ummah in the entire world.

The Islamic Managerial alternative as presented in this study, unlike most western managerial schools of thought, formulates managerial attitudes in a

religious framework. It provides general guidelines which managers or employees should follow in directing and leading organizations. The Islamic model is flexible and enables the acceptance of western models as well as any other model which can lead to a better handling of issues within organizational boundaries as long as they do not contradict the basic essence of Islamic teachings and principles.

Our holy prophet Mohammad (SAW) said-“ Wisdom is the pursuit of the believer; wherever he can find it, he is to take it.”

7.2 Recommendations

1. Conducting more study is required to popularize Islamic Management concepts to all concerned.
2. Cases method study is required of Islamic Management practices.
3. It is required to develop a comprehensive model of Islamic Management.
4. Separate courses on Islamic Management should incorporate in the Business Faculties of the university level.
5. It is essential to make mandatory of learning Islamic Management courses for the executive of Islamic banks in the whole over of the world.
6. Further study is required on different issues of Islamic Management, such as Decision making process, Principles of Islamic Management, Functions of Islamic Management, Leadership process in Islam and others.
7. Academicians and practitioners should come forward to write different books on “Islamic Management for Islamic banks”.
8. More research center should establish on this issue.
9. More international conferences should organize on this issue for more participation and popularization of this concept to the all concerned.
10. Adopting innovation and advance technology, getting more education and experience are obligatory acts from the Islamic view point.

APPENDIX

Questionnaire

In Appendix part of the present study, one set of questionnaire for bankers (Managers & Officers) and bibliography has been incorporated.

M.Phil Program "Islamic Management Practices in Islamic Banks in Bangladesh: Case Study of IBBL" Confidential

Questionnaire (for bankers)

1. Name:
2. Designation.....
3. Age (years):
4. Length of service:
5. Education level (put (√) tick one).
 (a) Below S.S.C. [] (b) S.S.C [] (c) H.S.C []
]
 (d) Graduate [] (e) Post graduate []
06. Have you received any training (Please put tick (√) one).
 (a) Yes [] (b) []
07. If yes please mention
 Course.....
 Duration.....
- Venue.....
 Organization.....
08. Have you received any foreign training (Please put (√) tick one).
 (a) Yes [] (b) No []
09. If yes please mention
 Course.....
 Duration.....
- Venue.....
 Organization.....
10. Why do you like Islami Banking?
 (a) Interest free [] (b) Security [] (c) No red tapism
 []
 (d) Expected grow [] (e) All []

Planning:

[The following questions are designed to collect about designing plan in the organization]

11. Planning is deciding in advance what is to be done.

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

12. The planning of IBBL is effective and practical oriented?

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

13. A manager can organization, actuate and control successfully over a period of time regardless of whether he planned or not.

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

14. A manager should be able to forecast and expect the future in order to devise successful plan

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

15. As we do not know the future, the function of planning is less important than the function of doing.

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

16. In order to achieve goals a manager should taking action without planning, because planning is costly and there is little time for it.

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

17. A wise manager knows that money and time is invested in planning for achievement target.

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

18. There is no perfect decision in IBBL planning.

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

19. To formulate of plan, IBBL follow the consultative decision making.

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

20. To formulate of plan, IBB follow the upward decision making.

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

21. Proper planning minimize of cost and wastage of time.

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

22. To formulate of planes ,IBBL follows the Islamic shariah principles.

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

Organizing:

[The following questions are designed to collect data about the organization]

23. The organizing of IBBL is effective and Practical Oriented?

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

24. I feel that delegation of authority means fixation of power on the
 extensive of the organization.

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

25. Without delegation of authority, the president would be the only
 management member of the organization

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

26. Delegation of authority means division of power between the managerial levels.

() () () () ()
 Strongly agree agree not sure disagree strongly disagree

27. The delegation creates insubordination?

() () () () ()
 Strongly agree agree not sure disagree strongly disagree

28. IBBL Centralized authority and responsibility.

() () () () ()
 Strongly agree agree not sure disagree strongly disagree

29. IBBL decentralized authority.

() () () () ()
 Strongly agree agree not sure disagree strongly disagree

30. IBBL organizing capability is very high.

() () () () ()
 Strongly agree agree not sure disagree strongly disagree

31. The organizing of IBBL is based on Islamic Shariah.

() () () () ()
 Strongly agree agree not sure disagree strongly disagree

Staffing

32. The IBBL follows the internal policy for recruitment and selection.

() () () () ()
 Strongly agree agree not sure disagree strongly disagree

33. The bank accept references for recruitment and selection.

() () () () ()
 Strongly agree agree not sure disagree strongly disagree

34. The bank properly recruitment advertisement in different national dailies.

() () () () ()

Strongly agree agree not sure disagree strongly disagree

35. The bank follow the set rules in selection procedure

() () () () ()

Strongly agree agree not sure disagree strongly disagree

36. The selection Committee performs their duties properly and honesty.

() () () () ()

Strongly agree agree not sure disagree strongly disagree

37. The quota system is maintained in selection of officer/staff in IBBL.

() () () () ()

Strongly agree agree not sure disagree strongly disagree

38. The recruitment and selection procedure in your bank is very fair

() () () () ()

Strongly agree agree not sure disagree strongly disagree

39. The Training and Development policy is followed IBBL properly .

() () () () ()

Strongly agree agree not sure disagree strongly disagree

40. The selection for training and development is fair and unbiased

() () () () ()

Strongly agree agree not sure disagree strongly disagree

41. The objectives set by the bank for training and development are achieved.

() () () () ()

Strongly agree agree not sure disagree strongly disagree

42. IBBL follows the set rules for foreign deputation and training.

() () () () ()

Strongly agree agree not sure disagree strongly disagree. 43. Training is essential for skill development of the employees of the bank .

()

()

()

()

()

Strongly agree agree not sure disagree strongly disagree

44. Is there any evaluation system after completion of training or degree in your bank

()

()

()

()

()

Strongly agree agree not sure disagree strongly disagree

45. Is there any pay structure to compensate the office/Employee of your bank

()

()

()

()

()

Strongly agree agree not sure disagree strongly disagree

46. The compensation benefit/package of the office/Employee of your bank is sufficient in comparison to other Private bank

()

()

()

()

()

Strongly agree agree not sure disagree strongly disagree

47. Is there any scheme of health and safety benefit in your bank

()

()

()

()

()

Strongly agree agree not sure disagree strongly disagree

48. Is there any age limit from entry level up to retirement of the officer/Employee of your bank

()

()

()

()

()

Strongly agree agree not sure disagree strongly disagree

49. Is there any provision of retirement benefit and welfare scheme of the Office/Employee of your bank

()

()

()

()

()

Strongly agree agree not sure disagree strongly disagree

50. Is there any system of performance appraisal in our bank for Office/Employee

()

()

()

()

()

Strongly agree agree not sure disagree strongly
disagree

51. Is there any set structured format or guideline for performance appraisal

() () () () ()
Strongly agree agree not sure disagree strongly
disagree

52. Is the performance appraisal report considered for promotion/transfer
termination/benefit of the Officer/Employee

() () () () ()
Strongly agree agree not sure disagree strongly
disagree

53. The promotion system in your bank is very good in comparison to other
bank

() () () () ()
Strongly agree agree not sure disagree strongly
disagree

54. The promotion system in your bank is very fair

() () () () ()
Strongly agree agree not sure disagree strongly
disagree

55. The labor Management relation in your bank is very effective

() () () () ()
Strongly agree agree not sure disagree strongly
disagree

56. The Staffing system of IBBL is based on Islamic Shariah.

() () () () ()
Strongly agree agree not sure disagree strongly
disagree

Controlling:

57. The controlling capability of IBBL is effective and practical oriented?

() () () () ()
Strongly agree agree not sure disagree strongly
disagree

58. The controlling process hampers the freedom of employee

- () () () () ()
 Strongly agree agree not sure disagree strongly
 disagree
59. Management of the performance is the only way to control.
 () () () () ()
 Strongly agree agree not sure disagree strongly
 disagree
60. Without severe corrective measure Islamic Organization could not
 service.
 () () () () ()
 Strongly agree agree not sure disagree strongly
 disagree
61. The control technique of Umor (R.A) is well known in the Muslim
 world
 () () () () ()
 Strongly agree agree not sure disagree strongly
 disagree
62. Fear of Allah is the best guide to self control.
 () () () () ()
 Strongly agree agree not sure disagree strongly
 disagree
63. Planning and controlling may be viewed as the blades of a pair scissors.
 () () () () ()
 Strongly agree agree not sure disagree strongly
 disagree
64. Controlling is not required at all levels of managerial functions.
 () () () () ()
 Strongly agree agree not sure disagree strongly
 disagree
65. Goal orientation can ensure control in activities.
 () () () () ()
 Strongly agree agree not sure disagree strongly
 disagree
66. Controlling is a function for every manager form president to supervisor.
 () () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

67. Controlling helps in effective plan and design for the future days.

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

68. Self control is the best control

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

69. Management can never ensure ultimate control.

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

70. Controlling system of IBBL is based on Islamic Shariah.

() () () () ()
 Strongly agree agree not sure disagree strongly
 disagree

Bibliography

The Holy Quran:

Abdullah, Y. A. (1980). *The Meaning of the Holy Quran, Translation Commentary. Maryland: Amana Corporation.*

Shafi, M. M. (1980). *Tafsir-e- Maareful Quran.* Islamic Foundation, Dhaka, Bangladesh.

Mowdodi, S.A. A.(1978). *Tafhimul Quran.* Dhaka: Aduhnik Prakashoni

Books of Hadiths:

Bukhari, I.(1982), *Sahih al Bukhari.* Adhoni Dhaka: prakashani.

Muslim, I.(1996), *Shahi al Muslim Sharif.* Andarkilla Chittagong: Islamia Library.

Other books and journals:

Organizational procedure. (1983). Dhaka: Jamate Islami prokashani.ss

Mowdodi, S. A. A. (1995). Governmental administrative of prophet (SAW). Dhaka: The syed publishing house.

Nazir, A. K. M. (1990) criteria of good organizer. Dhaka: Bangladesh Islamic centre.

Nazir, A. K. M. (1997) Islamic organization. Dhaka: Bangladesh Islamic centre

Mowdodi, S. A. A. (1991). Movement, organization, worker. Dhaka: Syed Abul Ala Research Academy.

Ahmad, A. K.M.N.(1999). Organizational behavior in eye of Islam. Dhaka: Annur Publications.

Jabnoun, N. (1996). Management from an Islamic perspective. Malaysia: IIUM.

Masuod, M. F.(1987), Workers right in Islam. Dhaka: Islami Foundation Bangladesh.

Ali, S (1998). Islam in kushtia district. Dhaka: Islami Foundation .

Ali, M .A.A.(1980). Islamic economic system. Dhaka: Islamic Sangskritic Kendra.

Taylor, F. W. (1991). The principles of scientific management. New York: Harper Brothers.

Ahmed. S. M. (1980). Islamic economic system. Bangladesh: Islamic Foundation.

Kothari, C.R., Research Methodology, New Delhi, New Age International(P) Ltd. 2006.

Gary Dessler, Human Resource Management. 10th ed, Prentice fs Hall of India private Limited , New Delhi – 11001 , 2005

Koontz Harold and Weihrich Heinz , Management , 10th ed, McGraw – Hill book publication, 1994.

Loqman , M . Management Islamic Perspective , BIIT , 2008.

Khalikuggman , M . Management , The Jamuna publication , 2008 .

Islamic Banking and finance, saad Al- Haraan.

Mohiuddin. M. Golam. Islamic management. Dhaka. University grants commission of Bangladesh, 2009.

Raquib. A. Emergence of Islamic Banking in Bangladesh and related financial issues. Dhaka. Sabdarup,2006.