



Seminar Proceedings  
No. 26

**REPORT OF THE MEETING OF EXPERTS**

**ON ISLAMIC MANAGEMENT CENTER**

**ISLAMIC RESEARCH AND TRAINING INSTITUTE**

**ISLAMIC DEVELOPMENT BANK**

**JEDDAH, SAUDI ARABIA**

# ISLAMIC RESEARCH AND TRAINING INSTITUTE (IRTI)

## Establishment of IRTI

The Islamic Research and Training Institute was established by the Board of Executive Directors of the Islamic Development Bank (IDB) in 1401H (1981). The Executive Directors thus implemented Resolution No.BG/14-99 which the Board of Governors of IDB adopted at its Third Annual Meeting held on 10 Rabi Thani 1399H (14 March 1979). The Institute became operational in 1403H (1983).

## Purpose

The purpose of the Institute is to undertake research for enabling the economic, financial and banking activities in Muslim countries to conform to shari'ah, and to extend training facilities to personnel engaged in economic development activities in the Bank's member countries.

## Functions

The functions of the Institute are:

- A) To organize and coordinate basic and applied research with a view to developing models and methods for the application of *Shari'ah* in the field of economics, finance and banking;
- B) To provide for the training and development of professional personnel in Islamic Economics to meet the needs of research and shari'ah-observing agencies;
- C) To train personnel engaged in development activities in the Bank's member countries;
- D) To establish an information center to collect, systematize and disseminate information in fields related to its activities; and
- E) To undertake any other activities which may advance its purpose.

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The Institute is headed by a Director responsible for its overall management and is selected by the IDB President in consultation with the Board of Executive Directors. The Institute consists of three technical divisions (Research, Training, Information) and one division of Administrative and Financial Services.

## Location

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## Address

Telephone: 6361400  
Fax: 6378927/6366871  
Telex: 601407 - 601137  
Cable: BANKISLAMI - JEDDAH  
P.O. Box 9201  
Jeddah 21413  
Saudi Arabia

**ISLAMIC RESEARCH AND TRAINING INSTITUTE  
ISLAMIC DEVELOPMENT BANK  
JEDDAH, SAUDI ARABIA**

# **REPORT OF THE MEETING OF EXPERTS ON ISLAMIC MANAGEMENT CENTER**

Report of the Meeting of Experts on  
Islamic Management Center of the International  
Islamic University (IIU) jointly organized by the  
Islamic Research and Training Institute of  
Islamic Development Bank, Jeddah, Saudi Arabia and  
International Islamic University, Kuala Lumpur, Malaysia  
during 7 - 9 D'Hijjah, 1413H (27 - 29) May, 1993)

**Edited by  
Syed Abdul Hamid Al-Junaid  
and  
Syed Aziz Anwar**

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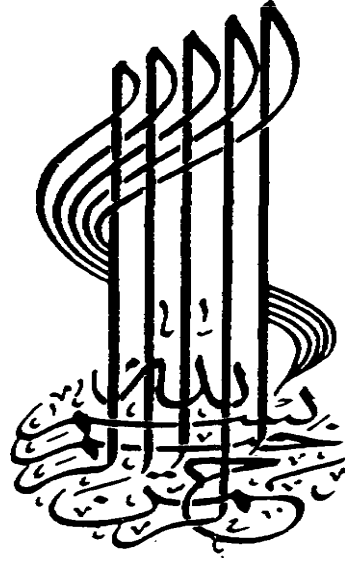
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FAX 6378927/6366871  
TELEX 601407 - 601137 ISDB SJ  
CABLE: BANKISLAMI JEDDAH  
P.O.BOX 9201  
JEDDAH 21413  
KINGDOM OF SAUDI ARABIA**



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## FOREWORD

In contrast to training activities in the field of Islamic economics, finance and banking, relatively few top level seminars and conferences devoted to Islamic Management were organized by IRTI since its inception despite a genuinely felt need among our clientele. However, there was a growing desire and will in IRTI to address this need.

The Meeting of Experts on International Islamic University [IIU] Management Center, Kuala Lumpur, Malaysia was a significant, departure in this direction with the aim of aiding the institutionalization of an already functioning Management Center within the International Islamic University [IIU] in Malaysia dedicated to the study of Islamic as well as Conventional Management Sciences.

This event which brought together a large gathering of scholars, experts and practitioners from different fields of management and administration has had its genesis in the Feasibility Study commissioned by the Islamic Development Bank [IDB] and completed in 1990 by a Task Force of eminent personalities, which strongly recommended the establishment of an Islamic Management Center devoted to conducting training, research and consultancy services in Management Sciences from Islamic Perspectives.

Islamic Research and Training Institute [IRTI] of the Islamic Development Bank [IDB], Jeddah had pledged its commitment to co-sponsor joint program with the fledgling Islamic Management Center in IIU, and this Meeting of Experts is the first fruit of this commitment.

In publishing the proceedings of this event, IRTI acknowledges with appreciation the contribution of the International Islamic University under the guidance of its distinguished Rector, Dr. Abdulhamid Ahmed Abu



Sulayman in co-sponsoring the meeting with IRTI and wishes that this work will contribute significantly to the on-going efforts in this direction.



**M. Fahim Khan**  
**Officer - in - Charge, IRTI**

# PREFACE

The Meeting of Experts on International Islamic University [IIU] Management Center was organized in Kuala Lumpur, Malaysia, in the period of 27 to 29 May 1993 under the joint sponsorship of the Islamic Research and Training Institute [IRTI] of the Islamic Development Bank [IDB] and the International Islamic University [IIU] in Malaysia. IRTI was represented in the Experts Meeting by Br. Abdulkadir H. Deria, then Officer-in-Charge, IRTI Training Division. Dr. Syed Abdul Hamid Aljunaid, Dean, Kulliya of Economics and Management, IIU, represented the host institution.

Five technical papers were presented during the meeting by subject specialists which had been duly screened and selected before by a joint IRTI and IIU Task Force. The paper titles were: [1] IIU Management Center: Concept and Proposed Constitution; [2] Consultancy and Advisory Services: Scenario and Strategies; [3] Training of Trainers in International Business; [4] Executive Education at IIU Management Center; [5] Management Research and Dissemination of Research Findings.

Each paper presentation was followed up by commentary by a panel of experts and practitioners and a general discussion in plenary session.

The deliberations of the Experts Meeting focused on four main areas, namely [a] Executive Education [b] Training of Trainers [c] Consultancy and Advisory Seminars and [d] Management Research and Dissemination. It was noted that the main goal of Executive Education is to develop leaders and entrepreneurs with requisite knowledge and skills in a changing global environment. In parallel with this, the aim of "Training of Trainers" is seen to provide short term, highly focused skill-problem-and issue-oriented quality training. Consultancy and advisory services are to provide professional advice to client organization in identifying, defusing and solving problems and in meeting future challenges. Management research should generate a body of knowledge to aid teaching of Management from Islamic Perspective and in accord with its underlying moral values.

A set of practical proposals and recommendations were submitted by the Meeting of Experts. These recommendations are expected to be followed up by the Islamic Management Center of the IIU with a view to streamline its activities and devise its future agenda.

**Abdulkadir H. Deria**  
**Acting Head, Training Division, IRTI**

# **PROCEEDINGS OF THE MEETING OF EXPERTS ON IIU MANAGEMENT CENTER**

27 - 29 MAY, 1993

EDITED BY

SYED ABDUL HAMID AL-JUNAID

AND

SYED AZIZ ANWAR

Introduction

Syed Abdul Hamid Al-Junaid and  
Syed Whiz Anwar

Opening Remarks

Anwar Ibrahim  
Abdul Hamid Ahmad AbuSulayman

KEYNOTE ADDRESS : Islamic Management

Ali Abul Hassan Sulaiman  
IIU Management Center: Concept and Proposed Constitution  
Syed Abdul Hamid Al-Junaid

Floor Discussion

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Concluding Remarks  
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# INTRODUCTION

Syed Abdul Hamid Al-Junaid

and

Syed Whiz Anwar

The Meeting of Experts on IIU Management Center was held May 27-29, 1993 in Kuala Lumpur. The meeting addressed five themes: philosophy and mission of the center, executive education, research and dissemination of research findings, consultancy and advisory services, and training of trainers. The papers collected in this volume cover a wide range of subjects, indicative of the large set of issues and strategies that will be of concern to the activities of the center. The format of the meeting was designed to allow each theme to be explored fully, first by paper writers, then by comments from invited panelists, and finally through floor discussions. The sessions produced interesting discussions that paved the way for a fine blueprint of recommendations for the center to carry out its functions effectively.

In their opening remarks, Dato' Seri Anwar Ibrahim, Deputy Prime Minister, Minister of Finance, Malaysia, and President, International Islamic University, Malaysia, and Dato' Dr. Abdul Hamid Ahmad AbuSulayman, Rector, International Islamic University, Malaysia, focused on the issues pertaining to Islamic management. They highlighted the importance of efficient and effective management strategies in transforming organizations and societies. They said the time is now ripe for Muslim countries to adopt ethical management practices in line with the teachings of Islam. They emphasized the need to present Islamic management philosophy in clear, practical terms that can be easily implemented in the diverse economic circumstances of individual Muslim countries. In the process

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**Dr. Syed Abdul Hamid Al-Junaid is Dean, Kulliyah of Economics and Management, International Islamic University, Malaysia. '**

**Dr. Syed Aziz Anwar is Associate Professor, and Head Department of Business Administration, Kulliyah of Economics and Management, International Islamic University, Malaysia.**

the Muslim countries need to overcome obstacles to exploit their full intellectual potentials, they said.

Dato' Seri Anwar Ibrahim said Malaysia has designed balanced strategies to transform its economy into a developed one by the year 2020. He praised the dynamic leadership of Prime Minister Dato' Seri Dr. Mahathir Mohammad, who has been guiding the nation with pragmatism and honesty of purpose towards that quest. Muslims in Malaysia have benefited immensely from government policies, he highlighted, citing the examples of Islamic economic institutions that have been flourishing in a conducive environment. The management of Malaysian economy is a model for other Muslim countries, he said.

Dato' Dr. Abdul Hamid Ahmad AbuSulayman said there is no need for the *ummah* either to blindly do what was done long time ago in history or adopt Western models of socio- economic behavior. The *ummah* must learn to manage its affairs in the contemporary world based on teachings of Islam that are relevant for all times to come, he added.

The keynote address by Dato' Ali Abu Hassan Sulaiman, Director General, Economic Planning Unit, Prime Minister's Department, highlighted the contributions of great Muslim thinkers like Ibn Taimiya and Al-Farabi to management philosophy. He was of the opinion that the leadership qualities like sense of fairness, justice, and *amanah* (Faithful) suggested by Ibn Taimiya are essential for effective management. He reposed his faith in ethical management practices that are invaluable for the success of an organization anywhere in the world.

Syed Abdul Hamid Al-Junaid presented a concept paper on IIU Management Center and focused sharply on its philosophy and mission. He said the center seeks to develop a body of \*knowledge based on the integration of Islamic principles and values enshrined in the Shariah with existing management concepts that will provide alternative approaches and models for problem-solving and decision making in tandem with business expansion and economic growth.

Syed Aziz Anwar presented a design of executive education at IIU Management Center in his paper. He was ultimately optimistic about the ability of the center to follow a pragmatic approach in offering excellent education to executives.

Mohamed Ariff presented a paper on management research and dissemination of research findings. He defined management research against the backdrop of Islamization of knowledge objective of the IIU, Malaysia. He highlighted the need for dissemination of research by means of publications, conferences, colloquia, and seminars for policy analyses and choices. He said management research findings should be addressed to an international readership among scholars, and policy makers in government, business, and international organizations, as well as in universities and Islamic management research institutions. He urged the center to emphasize policy relevance and practical aspects of management research. Mirza S. Saiyadain's paper neatly defined the activities of the Consultancy and Advisory Services Unit (CASU) of the center. The author argued for the use of ethical criteria to execute consultancy assignments. He visualized CASU to weave its activities around the major changes that are taking place with astonishing rapidity in the environment and to provide quality services to the organizations facing specific problems. He saw the mission of CASU as proactive - to foresee the organizational needs and to facilitate making strategic changes in people, technology, organizational processes and structures.

Claude Cellich shared the experiences of International Trade Center (UNCTAD/GATT), Geneva and its relationship with management centers in various parts of the world. He suggested effective pedagogical tools, including case studies, role playing, simulation exercises, and interactive discussions for imparting training to trainers. He felt it would be necessary for the center to have trained trainers to deliver the goods. He expressed the hope that ITC and IIU Management Center would be able to collaborate in future programs.

The meeting was held during a period of dramatic international events affecting the ummah. Although the economic, political, and social conditions vary considerably from region to region and country to country, there are increasing worries in the Muslim countries of deteriorating climate for economic turn around, inefficiencies in the use of resources, failures in economic planning and management, and lack of effective ethical policies and strategies. In sum, Muslim countries face today an enormous task of socio-economic development. There was virtual unanimity at the meeting



about the urgency of setting up management centers like the IIU Management Center to provide invaluable advice and guidance to a cross-section of organizations in Muslim countries.

, The experts attending the meeting appreciated the fact that an effective Islamic organization does not emerge automatically. True transformation requires the Islamization of existing knowledge, generation of new ideas, and bringing about suitable changes in attitudes and value systems. Policy makers in Muslim countries need to appreciate the process of this kind of transformation.

Discussion at the meeting suggested that while change is desirable in Muslim countries to bring their management practices in line with the precepts of Islam, it should be effected gradually and with a sense of pragmatism. In the emerging scenario in the Muslim world, the question is not whether to accept change, but how to manage it effectively for the good of the *ummah*.

## ACKNOWLEDGEMENT

The planning and organization of the meeting was a team effort. We both benefited from the guidance and support of a number of eminent people. We wish to express our deep sense of gratitude to Dato' Seri Anwar Ibrahim, Deputy Prime Minister, Minister of Finance, Malaysia and President, International Islamic University (IIU), Malaysia, H.E Dr. Ahmad Muhammad Ali, President, Islamic Development Bank, Jeddah, Dato' Dr. Abdul Hamid Ahmad AbuSulayman, Rector, IIU, Malaysia, Professor Abdul Hamid Al-Ghazali, Director, Islamic Research and Training Institute (IRTI), Islamic Development Bank (IDB), Jeddah, Dr. M. Aslam Niaz, Head, Training Division, IRTI/IDB, Jeddah, A.R. Deria of IRTI, and colleagues in the Kulliyah of Economics and Management, IIU, Malaysia, for help and guidance. We thank the administrative staff of the IIU for unfailing support during the meeting. Our thanks are also due to Ministry of Finance, (Malaysia, Bank Negara, Malaysia, and Ministry of Education, Malaysia for help and support. Finally we thank Suriani Razali for outstanding secretarial assistance.



## OPENING REMARKS

Anwar Ibrahim

I would like to welcome you to the Meeting of Experts on IIU Management Center, which has been jointly sponsored by the Islamic Research and Training Institute (IRTI)/Islamic Development Bank (IDB), Jeddah and the International Islamic University (IIU), Malaysia. I am aware of the fact that IRTI and IIU have been making unflinching efforts for quite some time now to set up a management center based on Islamic values.

I want you to know that I am very happy to be here to share some thoughts on Islamic management with eminent experts who have come here from various parts of the world to deliberate on various aspects of Islamic management.

At least I take note that you have come here to share your insights and experiences on how we can evolve an efficient and prudent management system that can be called Islamic management. Let me add here that in the final analysis, it is the substance and content that count. The IIU, for instance, could be considered successful not because of its name, structure or building, but by its strength as a center of academic excellence. Islamic banking also would be judged and assessed not by its name, but by the service it renders to the clientele and whether it is consistent with the teachings of Islam.

There have been too many teachers talking about theories of management. No doubt, we can accept the fact that we can learn a lot from those teachers, but we certainly should have the confidence to be able to offer something not only original but akin to our own culture and historical experience. We know how important management is in the contemporary world. In fact, management is a key issue in economic planning, development and growth in any society. Whether you talk about innovation, creativ-

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**Dato' Seri Anwar Ibrahim is Deputy Prime Minister, Minister of Finance, Malaysia, and President, International Islamic University, Malaysia.**

ity or any other issues related to management, the essence is still management. While Malaysia's success stories ranging from stocks to Proton Saga have received impressive and positive coverage by experts, media, and world organizations, the country needs to be reminded that it has the capacity to ensure higher efficiency at all levels. What is Islamic management if it is not to ensure that we are extremely efficient? We are guided by a moral code of ethics that prescribes that we are against any form of abuse of power, mismanagement of funds, imprudent spending and corruption.

Jargons and terms like Islamic economy, Islamic management, and Islamic banking are used not for the sake of a sense of difference, but to show the richness of our diversity, the strength of our conviction, and the intention to improve and excel. In Malaysia, Islamic banking is backed not only by Islamic institutions, but also enthusiastically supported by non-Muslim institutions as it has come to be accepted as a profitable and welfare-improving system.

It is unfortunate that Muslim countries have the resources, but have not utilized them properly. If Muslim countries manage themselves well, the ummah could be managed in a reasonably successful manner.

Developing countries cannot be expected to forge ahead merely by emulating the West. Poverty, riots, declining standards of education, lack of discipline among workers in the U.S. show that the Americans are not flawless. We should not just force ideas down the throats of our citizens. I believe, the participants in the meeting would give their views not to spread fear among society but to show that there are efforts being made by the Muslim community towards strengthening its political, economic, and social system.

I wish you all the best in your *Ijtihad*

AbdulHamid Ahmad AbuSulayman"

On behalf of the International Islamic University (IIU), Malaysia, I take this opportunity to extend a warm welcome to the distinguished scholars, corporate executives, and representatives of Islamic Development Bank .. (IDB), Jeddah, International Monetary Fund (IMF), Washington, D.C., and

International Trade Center (ITC), Geneva, who have come here to participate in the Meeting of Experts on IIU Management Center. The IIU and IDB have collaborated to organize this important meeting, which will, InshaAllah, pave the way for the establishment of the IIU Management Center at this university. Let me share with you that this university has a refreshingly new philosophy of education based on the basic tenets of *Tawhid*, *Khilafat*, and brotherhood. We intend to set up a management center keeping in view these tenets and of course in the tradition of academic and professional excellence.

No one can afford to deny the importance of effective management in our times. Lessons from economic history clearly suggest that it is with the help of effective management strategies that nations have transformed their economies. It is also true that the development potential of Muslim countries is great and the desire to realize it has been evident. So why have the economies of these countries failed to grow and develop fast?

Also why is there no structure capable of sustaining genuine development? They have lagged behind others in development not because they are deprived of natural resources, but simply because they have not been successful in managing their resources.

The role of management in Muslim countries is vital. Muslims have to master technical and management skills to be able to accelerate the pace of economic development. The IIU Management Center, I believe, would have an important responsibility to meet the training and development needs of individuals and organizations in Muslim countries.

Economic development should not be allowed to destroy the moral fabric of a Muslim society. Today, the need for Islamic management is greater than ever before. We need managers having unimpeachable moral conduct. We need to use the natural resources carefully according to the teachings of Islam. Islamic management strategies can easily solve the pressing social, political, economic and environmental problems of our times.

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Dato' Dr. Abdul Hamid Ahmad AbuSulayman is Rector, International Islamic University, Malaysia.

I hope, our guests would contribute rich management ideas, theories and strategies at the meeting. These contributions, I am sure, would go a long way in providing a clear sense of direction for the activities of the IIU Management Center.

I wish you a very pleasant stay in Malaysia and pray for a fruitful *Ijtihad* at the meeting.

## KEYNOTE ADDRESS

### Islamic Management

Ali Abul Hassan Sulaiman

It is indeed a great pleasure for me to be here this morning to address distinguished scholars, corporate executives, directors of management institutes and experts from world organizations who have gathered here to help design a strategic plan of action for the IIU Management Center as a center of excellence. This Meeting of Experts, I believe, is the manifestation of sincere and unflinching efforts of staff members of the Training Division, Islamic Research and Training Institute (IRTI), Islamic Development Bank (IDB), and International Islamic University (IIU), Malaysia.

I have been made to understand that the papers prepared for this meeting cover a broad range of topics, indicative of a very interesting set of organizational and management development issues that will be of concern to the IIU Management Center in future. I trust that the papers would stimulate useful and thought-provoking discussions at the meeting and would generate the desired outcome in the form of a strategic plan of action for the center.

Conventionally, economists only consider land, labor and capital as the basic factors of production whereby these resources or inputs would be required to produce a good or service. However, studies have indicated that the contribution of another factor commonly known as Total Factor Productivity is significant. Components of this factor include entrepreneurship, innovation, technology and management. The rapid technological change has made it clear that this factor's contribution to growth is increasing much faster than capital and labor. Furthermore, the advent of information technology has made it imperative for organisation and management to adapt. In a recent book entitled *The Corporation of the 1990s*, six major

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YB Dato' Ali Abul Hassan Sulaiman is Director General, **Economic Planning Unit, Prime Minister's Department** Malaysia.



findings were highlighted where information technology is enabling fundamental changes in the way work is done. It is enabling the integration of business functions at all levels within and between organizations. It is causing shifts in the competitive climate in many industries. It is presenting new strategic opportunities for organisations. All these require changes in management and organisational structure. It is a challenge for managers to lead their organisations through the transformation necessary to prosper in the globally-competitive environment.

Management must be sensitive to the reality that information technology has brought about significant changes. I believe that the strategic plan for the center must incorporate large components of information technology in the curriculum. We must break away from the traditional doctrine of scientific management . - the theory that any work process, including its human element - can be broken down to its component parts and then reassembled in an efficient or scientific manner. Instead, with rapid changes occurring in the business environment, management must introduce continuous flows of new thinking to increase productivity.

Management is an integral part of our lives and it is so pronounced that we take it for granted. But it is important to remember that management alone is not adequate. It has to be good and ethical as well. Without good management practices, the output that we produce may not be acceptable to the customer and hence it may be rejected. It is in this context that managers must always upgrade their management skills and knowledge to solve new and unfamiliar problems which beset organisations. This is quite essential in order for managers to take effective action in a fast-changing world. As an extension, strategic management is a critical tool. to any organisation that aspires to excel and survive in the tough world of global competition. I wish to reiterate that good management alone is inadequate, it has to be ethical too. I shall focus on the role of ethics in economic development later but I wish to relate that we, in Malaysia, have had our. share of bad experience with capable and trusted managers who fall victim. to their inherent human weakness and squander and misappropriate public funds. Hence, it is imperative that we think of ways to ensure that we not only train good managers but also create honest, trustworthy and reliable managers. It is here that the spiritual teachings of Islam with its transparent

worldview of how one should conduct oneself, whether in a personal or official capacity is of tremendous advantage.

The IIU Management Center has a responsibility to search for new and innovative ideas and examine the issue of management development in the context of change that has become the order of the day. In this connection, it is appropriate to remind all of us that today we are witnessing the emergence of an unmistakable trend in the economies of the world - the rise of market economies everywhere in the world. It is quite probable that most nations, especially, of the former Communist and Soviet-block states will adopt a free-market model where the private sector will dominate. The emergence of these new players in the world scene will necessitate that we take steps to better prepare ourselves to face the strong competition in world trade. The IIU Management Center will have to design winning strategies for the corporate sector, not only in the context of socio-economic change in East Asia, but also in the light of the emerging scenario elsewhere in developing countries, especially in the Muslim countries.

In Malaysia, I believe that the IIU Management Center will have an important role to play in the socio-economic development of the country. As you already know, our Prime Minister has enunciated the idea of Vision 2020 in the document *The Way Forward*.

The Vision sets the focus and direction for Malaysia to achieve the status of an industrialised and a fully developed nation by the year 2020. The thrust of the Vision is the creation of a united Malaysian nation which is fully developed in all respects : economic, social, political, psychological and cultural.

Vision 2020 sees Malaysia as a united nation made up of one Bangsa Malaysia, confident, psychologically liberated, moral and ethical. It sees Malaysia as a mature democracy with a society which is not only scientific and progressive but also liberal, tolerant and caring. It envisages an economy which is industrialised, developed and prosperous, fully competitive, dynamic, robust and resilient in addition to being equitable and fair. These goals are to be achieved by meeting the following nine strategic challenges:

- 1) The establishment of a united Malaysian nation made up of, one Bangsa Malaysia
- 2) The, creation of a psychologically liberated, secure and developed Malaysian society
- 3) The development of a mature democratic society
- 4) The establishment of a moral and ethical society
- 5) The establishment of a mature; liberal and tolerant society
- 6) The establishment of a scientific and progressive society
- 7) The establishment of a fully-caring society
- 8) The development of an economically just society, in which there is a fair and equitable distribution of wealth.
- 9) The establishment of a prosperous society with an economy that is fully competitive, dynamic, robust and resilient.

The Second Outline Perspective Plan (SOPP) covering the period 1991-2000 attempts to formulate policies and strategies to meet these challenges, whilst the Sixth Malaysia Plan covering the period 1991-95 translates these policies and strategies into operational plans and programs. The major thrust of the plan is the role of the private sector as the engine of growth. As such, human resource development becomes the primary concern. The improvement of entrepreneurship, skills, and management capacity to undertake investment activities to generate rapid economic growth is a necessary precondition. Private and public corporations will be the major role players in the economy. However, these corporate citizens must assume their legitimate social responsibilities which are common to Malaysian culture. The experience of Western cultures should make us wiser. The pure pursuit of materialism and individualism has led to moral decay and the demise of the family unit. Malaysia is aiming for a balanced development - economic growth with a concern for equity, social justice, and improved societal welfare and standard of living. The IIU Management Center should take this as a new challenge where social responsibility is given greater prominence and positive values are inculcated in your graduates.

I would like at this juncture to emphasize the invaluable role of ethics in the process of economic development and change. Policy makers must make an ethical assessment of the ends and means of socio-economic development. This must focus attention on such questions as: What should be the fundamental goals of economic and social change? What ethical and other value issues appear in existing management policies and practices? By what methods should they be resolved? What is the decision-making machinery that is appropriate to resolve ethical problems? These and other issues have been taken up recently by many intellectuals who have tried to argue a case for ethical development. In fact, the ethical dimension of development has been given great emphasis by our leaders in Malaysia, including our Prime Minister and Dato' Seri Anwar Ibrahim who is also the President of IIU. Great Muslim scholars like Ibn Taimiya and Al Farabi have made outstanding contributions to management philosophy. For instance, Ibn Taimiya has highlighted leadership qualities like sense of fairness, justice and amanah that are essential for effective management. I hope, the IIU Management Center will undertake research focussing on the contributions of Muslim scholars and relating them to contemporary management issues.

Admittedly, much remains to be done in the evolution of ethics and interaction with the process of change. I would like to argue that Islamic ethics which upholds human dignity must be used to bring about a healthy change in organisations and society at large. The IIU Management Center can and should of course carve out a niche for itself in the area of Islamic ethics and develop a methodology for application not only in Muslim countries but, where relevant, in other countries as well. I am sure, Islamic concepts of *Akhlak* and *Adab* have universal appeal and a cross-section of organisations can certainly benefit from them. I would like to urge the IIU Management Center to promote Islamic ethics for the good conduct of managers anywhere in the world.

The IIU Management Center epitomizes the government's desire to open up the country to adapt to the rapidly changing global environment. Improvements in information technology, communication and transport have made labor and capital highly mobile internationally. The centre should, therefore, strive to be at the frontier of knowledge at all times. The

research agenda must be current and the output must be of outstanding quality. The center must be a place for the nurturing of new ideas that provide breakthroughs in new management practices.

I would like to appeal to the sponsors and pioneers of this center to ensure that the center would live up to its name as a centre of excellence. It is the right time that we, as champions of the Islamic cause, live up to our commitments. Let us work together to make the center a model in which we can take pride. This can only be achieved through sheer hard work and dedication. Hopefully, once we have done our best *Allah (SWT)* will *insyaAllah* answer our prayers.

I hope, the deliberations at the Meeting of Experts will contribute in laying the foundations for the IIU Management Center as a centre of excellence dedicated to the cause of the *Ummah*. I congratulate the collaborating institutions (IDB and IIU) for organizing such an important meeting with a view to building a center of excellence in management. In the name of *Allah (SWT)*, I now declare open the Meeting of Experts on the IIU Management Center.

## **IIU MANAGMENT CENTER: CONCEPT AND PROPOSED CONSTITUTION**

Syed Abdul Hamid Al-Junaid

On behalf of the International Islamic University (IIU), I would like to extend our heartiest welcome to all the participants in this Meeting of Experts which is necessary to discuss and chart out strategies for the center to be a center of excellence in the area of management. The expectations of the *ummah* are very high and so are the challenges. The results of this meeting will be eagerly awaited and the action plans are ready to be conceived and implemented. Enthusiasm and felt needs for such a center are widely acknowledged. As is always the case with major projects, feedforward controls are essential to ensure viability and growth of the center. Realistic goals must be emphasized taking stock of manpower availability, and financial and other constraints.

It is indeed not too unrealistic to expect some good ideas to emerge from this meeting that can be useful in formulating programs that can effectively serve the community, local and international. The support facilities of the university, outside of the Faculty of Economics and Management are quite well-poised to contribute to this endeavor. Some issues, I am sure, will take more time than others. But we must not lose sight of the central purpose of this meeting - to choose and apply all relevant materials and building blocks in making the center's existence meaningful to a community that accepts the challenge of change.

The aim of this paper is to offer some background information about the center from the time the original idea was conceived until its position today. One of the topics of discussion was the, name of the center. This in some sense reflects different views about how the center should function vis-a-vis the local community and to a great extent, the international community comprising Muslim countries, a great many of which form the lower

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**Dr. Syed Abdul Hamid Al-Junaid is Dean, Kulliyah of Economics and Management, International Islamic University Malaysia.**

ranks of the community of nations in terms of economic hierarchy. Should it be an Islamic Management Center where the focus of activities revolves around Islamic management and administration? Or should it be just a Management Center which is designed to serve a multitude of goals - developing a discipline and training in Islamic management being one among a set of goals? According to the former approach, accepted management principles such as professional skills and competitiveness are necessary to alleviate the economic ailments of Muslim countries mentioned earlier. Proponents of the second approach are of the view that unless they are able to contain the challenges of poverty, over-population and serious resource constraints, the political will to apply Islamic management concepts is either not there or it is done cosmetically for political expedience.

There are other issues, of course. I hope to highlight them later in this paper. At this juncture, it is only appropriate that we take a cursory look at the scenario around which the center was initially mooted. Next, we ought to see how the center as an organization can develop in the context of its resources, structure and value system.

### **The Scenario**

Until fairly recently, the developing countries of Asia, Africa and Latin America underestimated, in particular, the role of sound management and administration in transforming their economies. Curiously enough, this unfortunate state of affairs was experienced by most of these countries regardless of their financial and resource base. Even those Muslim nations which enjoyed economic buoyancy due mainly to higher incomes from oil and other primary resources were not spared from this deficiency. The recent fast changing political and economic environments in various parts of the world have indeed created a stronger and compelling awareness among developing countries about the indispensable role of management strategies in shaping their own economic destiny. It is common knowledge that poor strategy can be costly. The lessons of economic history have clearly indicated that a necessary condition for successful economic policies is effective management. Recent evidence indicates that government organizations which experienced financial problems have improved performance by bringing in dynamic managers trained to bring about

change in organizations with the help of new technologies and styles rather than sticking to outmoded and static rule-of-thumb approaches. Indeed, management has a direct effect on socio-economic development, clearly because all contemporary management models are designed to help the society in question to take up the challenges of development - the accumulation and mobilization of productive resources and the transformation of society into a dynamic and yet moral structure.

In the contemporary global picture, the following observations apply to any country or economy that seeks to continue developing and improving the welfare of its people. Contemporary thinkers like Naisbitt, Porter and Peters are not far apart in highlighting salient features of successful management. They are as follows.

**\* Awareness of Globalization of Business and the Importance of Openness in Designing Strategies and Policies**

Successful organizations are designed to adapt and adjust in response to rapid and astonishing changes in the environment by developing the right kind of framework to anticipate and tackle problems effectively. This dynamism, which is unprecedented has become pervasive and has questioned the relevance of traditional concepts and problem-solving techniques. Indeed, creativity has become quint essential in any endeavor.

**\* Professionalization of Management**

Organizations ought to be managed by trained and skilled managers. Unfortunately, this is hardly the case in so many Muslim countries where socio-political structures have advertently or inadvertently allowed unnecessary obstacles to persist at the expense of efficiency and effectiveness. The reality is that organizations and indeed nations have no other choice but to give value to professionalism. Sentiments have to be controlled, biases removed, right values developed and inculcated into all aspects of life. This indeed is easier said than done. However, given the political will and the necessary realization, this is not an impossible task.



### \* **Competition**

A culture must exist that supports a framework for competition to thrive. There is, of course, no substitute for healthy competition in order to be successful in this present era of globalization. Successful organizations have shown that quest for information and knowledge is never-ending. In fact, organizations can safely carve out competitive advantages for themselves by using such information and knowledge in devising, winning strategies. A clear manifestation of this line of thinking is the privatization trends in both developed and developing countries. For hundreds of years, unfortunately, Muslim nations and organizations have remained complacent and at best have become reactive rather than proactive to changing situations. The result is before us. Muslim countries lag behind others in the economic race and consequently have remained dependent on others for their own well-being. It is therefore, obvious that the right psyche should be developed in the Muslim mind that he needs to compete and cooperate with others in order to lead a dignified life as equal partner within and between groups, societies or nations.

### \* **Importance of Value-Based Management**

Ethical management is indeed the backbone of organizations and nations in their quest for advancement. Successful organizations are there for a long haul and must therefore adopt a sound value system that represents their roles as responsible members of society. Recent cases of insider trading and unethical practices have prompted the international community to design albeit with partial success specific code of ethics in guiding corporate behaviors. In fact, as the last few years have shown, cases of organizational failure due to unethical practices are increasingly rampant. Universal values are there to be understood, developed and practised. The understanding, selection and adoption of these universal values need to be imbibed in the *Tauhidic* worldview of a Muslim which includes his relationship with his Creator, fellow beings and his environment. In all these valuations, the Muslim manager cannot afford to ignore the very purpose of his existence and in the process becomes aware of his responsibilities as

a vicegerant of *Allah (SWT)*. It is in this context that some thinkers are of the opinion that failure of Muslim organizations may be attributed, to a large extent, to the wholesale implantation of secularized approaches of management. Further studies are needed to provide useful information for our understanding of this issue at a more important level. There is also a pressing need to provide successful examples of organizations that operate on the basis of an Islamic value system property conceived, understood and practised.

### **Malaysia - The Way Forward**

When discussing management development strategies for Malaysia, an understanding of its past socio-economic achievements and future strategies is helpful. Judging from its past performance, the economy of Malaysia has demonstrated a remarkable capacity to minimize the impact of negative economic trends experienced in the 1980s. The government through its prudent management strategies that include liberalization and deregulation had successfully managed the economy. Since then it has recorded impressive and sustainable growth rates. With this sound track record, the stage is now set for the inevitable deadline set by the planners to transform the country into a developed economy without the accompanying socio- economic dislocation generally experienced by many countries which have traversed and arrived at the 'developed' country status. We cannot predict the future, but judging from strategic abilities and sound political leadership, the present trend is likely to be successful, barring serious unforeseen crises in the world environment.

The strategy for the next three decades emphasizes a balanced development of the economy necessitating diversification of the industrial base, enhancing human resource development, upgrading technical skills and a rationalized restructuring of the economy. This is known as the National Development Policy, and on a longer-term projection labelled as the Vision 2020, a blueprint of economic planning regarded as a product of visionary and exemplary managerial capabilities.

Briefly, the targeted objectives include (i) striking optimum balance between growth and equity of benefits due to growth, (ii) establishing a sound moral and religious base from which the economic players can

derive ethical principles and good judgement for decision making, (iii) the national pride and lofty ideals of discipline, loyalty and sacrifice alongside skills and technological advancement, and (iv) the sensitivity to the environment and ecology for the attainment of its own enlightened long-term goals of sustainable development and progress.

The above objectives are not off-tangent from the global scenario mentioned above as they rely quite heavily on the role of the private sector as the major player in achieving the nation's socio-economic objectives. Competition, professionalism, development of professional, technological and managerial skills are all envisaged in these plans with a stable macro setting provided by the public sector policies. Among others, we can expect prudent fiscal, monetary and financial policies coupled with streamlining of regulations and administrative machineries so as to generate effectiveness somewhat similar to the oft-quoted Management by Objectives (MBO).

To be competitive, tariff protection, subsidies and other artificial supports will eventually be withdrawn. Meanwhile export-oriented industries are to be encouraged to develop resilience and compete on equal grounds with focus differentiation and cost effective competition. In the process, the government has a responsibility to strengthen its resolve to create a supply of Bumiputra entrepreneurs and industrialists who can be accepted as part of the international community of corporate players. In the country, creative and well-trained Muslim professionals, managerial, technical and skilled manpower are needed to meet the objectives of restructuring the society. It is in this context that we focus our attention on the widespread efforts to establish professional institutes in the country, with particular reference to the IIU Management Center.

### **Background Information on IIU Management Center**

The idea of an "Islamic Management Center" was strongly echoed in the 1987 Seminar on Islamic Management for the Asia-Pacific region organized by the Islamic Development Bank (IDB), Jeddah and Ministry of Education, Malaysia. The dire need for Islamic approach to management was expressed in the resolutions or the recommendations that followed. The resolutions passed affirmed the need to develop an Islamic vision

encompassing Islamic management and administration based on Tauhidic worldview. According to this approach, management entails the fulfilment of a contract between God and man, in which man as servant of God and His vicegerant on earth performs righteous deeds based on the principles of cooperation and consultations. The purpose of management is the building of a civilization based on Islamic ethical values. Thus, management must ensure that corruption, mischief and injustice are done away with while it seeks to establish justice both in organizations as well as in society. The ultimate objective of management is to attain felicity.

According to the resolutions, all activities, including training, translating, research and preparation of text books, manuals, etc. will develop and promote the Tauhidic approach in all disciplines, especially management and administration. In fact, one of the resolutions highlighted the establishment of a center to be established in Malaysia to provide a continuing opportunity for the collection of work on Islamic management and its distribution to practitioners, and to provide an institutional basis for the exchange of ideas, literature, and concepts relating to all aspects of Islamic management.

This was further echoed and emphasized by His Excellency the President of IDB, Dr. Ahmed Mohamed Ali in his letter to the Honorable Rector of IIU in February 1991 wherein the IIU was invited to establish an Islamic Management Center with the assistance of IDB's technical and other related programs. This invitation was made based on the recommendation of a Task Force under the auspices of the IDB in its report (March 1990). This committee felt that an Islamic Management Center was not only desirable but also essential, especially in the light of fast-changing events that have pervaded the world. At the same time, greater focus ought to be given to management principles based on Islamic worldview to buttress the understanding and application of existing universal values and practices. It is, therefore, imperative that a new approach to management models and decision making strategies be devised that can be developed to strengthen the capacity of the Muslim world to be proactive, innovative and interdependable in the world community.

During the deliberations of the 1987 conference, it was quite clear that some reservations had been expressed as regards the role and con-

tributions of Western management, particularly the secularist version, to the well-being of the Muslims at large. The West, it was claimed, dealt with man as psychological phenomena rather than addressing the purpose of man's existence as an important lead in his answer to such questions as 'How should one live (or manage)?' The role of religious virtues attainable with Revealed Guidance has to be in the forefront unlike the secularist version of behavioral models. Unlike a secularist manager, a Muslim manager ought to lead his staff during prayers and at the same time set good examples of morality and professionalism. In the same vein, goals of Islamic organizations ought to become means for the higher goals of man's existence as depicted by his time horizon that includes the ultimate goal of felicity in the Hereafter.

Further deliberation on the above idea took place at various Faculty and IIU meetings, leading to the Senate decision to approve the concept of the management center. However, additional goals were considered as they were deemed important complements to the *Tauhidic* approach. In view of the deliberations, the role of the center may be described as follows.

### **Role of the Center**

The role of the center and its machinery will, therefore, be to meet the management development needs of a cross-section of organizations particularly in Malaysia and other Muslim countries in line with the Islamic worldview and other parameters outlined above. The center also has a significant role to play in meeting the manpower and skill development needs of Muslim countries. In the case of Malaysia, the Vision 2020 has provided a framework to contribute towards the development of managerial skills which are still lacking, especially among the Muslim communities. In particular, the center has an obligation to contribute to the development and expansion of Islamic economic resources and within the institutions in the country so as to keep abreast with the economic dynamism of the overall economy. Muslim managers need appropriate professional development training in order to keep abreast with the competitive environment, both domestic and international. This center has a role to provide the required knowledge, education, training and other support facilities to achieve the above objective. Given the linkages the center will have with

other eminent institutions in Malaysia and elsewhere in the world, it is likely to play an effective role in designing relevant programs for the benefit of target groups. In the pursuit of its goals, the center will not compromise on the question of excellence and will stand committed to provide services for the well-being of the entire community.

The Faculty of Economics and Management (IUI) has found in its interaction with corporate executives that there is a serious interest in Islamic management and its applicability under existing environment. There is also a need to learn about comparative management and the curricula that will be necessary for such studies. Others have indicated their hope that Islamic business ethics can neutralise the high propensity for unethical practices commonly found in highly competitive environment.

### **Philosophy, Mission and Objectives**

As indicated earlier, the philosophy of the center should rest upon the universal concept of *Tawhid* which subscribes to the fulfilment of the fundamental contract (covenant) between *Allah (SWT)* and man, in which man as servant of *Allah (SWT)*, and His vicegerant on Earth performs righteous deeds with the ultimate objective of seeking the pleasure of his Creator. This philosophy emphasizes both the spiritual and material dimensions of man as vicegerant in which resources of the world (human and non-human) are utilized according to *Allah's (SWT)* will and command. Thus, the manager's role is to perform management functions as an act of worship based upon knowledge, consciousness and freedom of choice characterized by a virtuous personality whose higher faculties are in control of the practical faculties.

In particular, the center has a self-imposed obligation to help establish model organizations that are not only functioning on the basis of Islamic values and ethics but are also professional, ethical and successful in the local as well as international environments. Realistic strategies need to be conceptualized and developed by the center to plan for the eventual achievement of this goal. In the process, the center can also meet the challenges of removing perceptual distortions by secular organizations about the needs of Muslim employees, customers and other stakeholders vis-a-vis their own credo, goals and objectives. For example, the negative

notion about prayer time, dress code and social ethos of the Muslims members of the organization in relation to productivity and professionalism has been a controversial subject of discussion in some quarters. The model Muslim organizations can effectively correct such distortions.

The center intends to provide management expertise via consultation services and consultraining to institutions within the country according to its capacity. As the majority of Muslim businesses in Malaysia belongs to the small and medium industries, the center intends to provide business counselling, guidance and training for the promotion of entrepreneurial skills of Muslims. For example, a timely project could be in the area of Islamic banking and finance. The faculty has the capacity to develop expertise in research, consultancy and training.

The center intends to organize forums, conventions, seminars and talks that promote interactions and. exchange of ideas and experiences among managers/entrepreneurs which, among others, will strengthen their appreciation, understanding and awareness of various issues in their environment. Again, local case studies on management problem-solving and research findings. can be disseminated via these forums. Publication and dissemination of research findings, ideas and experiences, through publications of books, journals, articles, and case studies, are also to be actively pursued.

Once stabilized, the center will have programs to develop and maintain contacts with management institutions internationally and, where feasible, undertake joint programs that can efficiently utilize specialized skills and resources. It is anticipated that this center will be able to contribute in this regard by becoming a center of excellence in the Asian region and for the Muslim countries that require its services.

## **Establishment of the Center**

### **Organizational Structure**

The center will be established and structured in a manner that reflects corporate organizational set-up. This is to ensure the applicability of corporate professionalism and effectiveness. The proposed organizational structure as well as the duties and responsibilities of its principal officers are given in the constitution. (See Annexure I).

The center is intended to be self-financing in its fully-fledged status while remaining as an entity within the IIU, Malaysia. It will operate under the supervision of a board of directors and report its activities directly to the IIU Senate and Majlis. Membership of the board of directors will comprise distinguished representatives from Islamic institutions within the country and from sponsoring institutions within and outside the country. The Rector, deans of relevant faculties of IIU will also be permanent members of the board.

#### Staffing and Recruitment

In the initial stage of its operation, the center will be a department under the Kulliyah of Economics and Management and will be headed by a director. Once established, it is intended to operate as equivalent to any Kulliyah in the university. The director's position will be equivalent to that of any other dean in the university.

The deputy director, heads of the various divisions will be full-time staff. The research scholars, trainers and consultants will either be full-time officers or contract-based. Some may be seconded for a certain term from either the Kulliyah of Economics and Management staff or from other Kulliyahs within IIU or from any other local or international institution. Reputed international scholars, visiting experts and associate staff will also be syndicated to the center to assist in its short duration programs.

#### **Immediate Plan of Action**

Until the present time the center has been placed directly under the purview of the Kulliyah of Economics and Management. The Dean has been entrusted with the overall responsibility of ensuring its establishment and design and approval of strategic plan. Following this Meeting of Experts, steps will be taken to upgrade the center into a department with its support facilities.

Apart from the various administrative details of staff recruitments and physical development of the center, the immediate tasks would, among others, be:

to prepare detailed plans, programs and schedules;



- to prepare the curricula and program outlines for each of the center's activities;
- to prepare course materials and reading references;
- to establish institutional contacts and information networks with other management and relevant research institutions;
- to explore and identify primary areas of research and to plan the necessary support facilities for effective implementation of research projects, and
  
- to recruit select and train the resource faculty.

### **Conclusion**

As mentioned earlier, it is in the fitness of things to focus our attention on some of the salient issues that need to be discussed during the next few days. For instance, a key question is: what does it take to be a center of excellence and to be recognized as such? Obviously in this context, the question of according priorities to knowledge, education, training and other activities of the center cannot be ignored. It is quite well-known that there are management institutes that have tended to neglect the research base in their activities. As a result, they have just been able to undertake training activities based on knowledge and materials generated by others. In fact, no organization can afford to claim to be an effective agent of change without being able to generate its own knowledge. Obviously, there are other necessary conditions for a center to attain heights of excellence, which I am sure will be discussed in detail at this meeting.'

## Annexure I

# PROPOSED CONSTITUTION OF IIU MANAGEMENT CENTER

### A. PREAMBLE

The mission of the center stems from the concept of Tawhid which subscribes to the fulfilment of the fundamental contract (covenant) between *Allah (SWT)* and man, in which man as servant of *Allah (SWT)* (*Abd*) and His vicegerant on Earth performs righteous deeds with the ultimate objective of attaining *Al-Falah*.

The Islamic approach to management emphasizes the spiritual and material dimensions of man as vicegerant in which resources of the world, including human resources are utilized according to *Allah's (SWT)* will with a view to achieving His pleasure. The manager's role, according to this paradigm, is to perform management functions as an act of *Ibadah*.

### B. FOUNDATION, OBJECTIVES AND FUNCTIONS

#### Foundation

##### **Article 1**

The IIU Management Center of the International Islamic University, Malaysia will be founded as per the decision of the Senate of the university.

##### **Article 2**

The center will be known as the IIU Management Center.

##### **Article 3**

In this stature, unless otherwise specified, the following words shall have the meaning assigned as follows:

The university:                   The International Islamic University, Malaysia.

The center:                        The IIU Management Center

The Senate : The Senate of the International Islamic University, Malaysia.

The Director : The Director of the IIU Management Center

The Board : Board of Advisors for the IIU Management Center

Kulliyah : The Kulliyah established in the International Islamic University, Malaysia

The Advisory Board : The Advisory Board of the IIU Management Center

### Objectives

#### **Article 4**

The objectives of the center, as set forth in this constitution, are to foster management education based on Islamic philosophy and advance professional standards in the field of management.

Specific objectives include the following..

1. Facilitating the exchange of information and ideas among people in the academic, business and government professions who are concerned with management education.
2. Encouraging and fostering research activities that advance knowledge in management and increase the available body of training material.
3. Cooperating, whenever possible, with government, business and academic institutions to further the objectives of the center.
4. Providing executive education and organizing training programs in the area of management. . .
5. Developing a discipline of management based on the integration of Islamic principles and values as enshrined in the Shariah with universal management concepts that will provide alternative models and approaches to problem-solving and decision making skills in tandem with business development and economic growth.
6. Developing Islamic professionalism in line with modern scientific management practices through consultation and consultraining.

## Functions

### **Article 5**

The functions of the center have been guided by Article 4 of this constitution and by its interdisciplinary role. For this reason, the center will undertake educational activities which involve the unique problems of contemporary management education. The chief functions of the center are as follows:

1. To provide opportunities for learning through structured executive development programs and professional conferences. The Board approves various programs of the center.
2. To conduct extensive surveys of research activities in Islamic management.
3. To disseminate information about the activities of the center to other professional organizations and agencies.
4. To act as an independent center for management research and a forum for discussion.
5. To organize and coordinate seminars, workshops and talks by experts in the area of management.
6. To provide consultancy services to a cross-section of organizations.

## Organization Structure

### **Article 6**

The center will be headed by the Director of the IIU Management Center, who will be appointed by the Rector, International Islamic University, Malaysia (see organization chart)

### **Article 7**

The Board of Advisors will consist of the Rector (Chairman), Director of the Center (Secretary), Dean of the Kulliyah of Economics and Management and other international experts to be appointed by the Senate upon recommendation of the center.

#### **Article 8**

There will be research fellows, research associates, chief administrative officer, accountant, managing editor of the *Journal of Management Studies*, librarian, *program officer* and other support staff.

The Rector or his representative will chair meetings to select staff for the center. The director will be a member of the panel.

#### **Article 9**

There will be a consultancy program committee to be chaired by the director to manage various consultancy projects of the center.

### **C. DUTIES AND POWERS**

#### **Article 10**

##### The Board of Advisors

There will be a Board of Advisors appointed by the Senate to be chaired by the Rector. The board will advise the center to formulate policies and other guidelines for its day-to-day work. The frequency of meeting of the board will be determined by the chairman of the board.

#### **Article 11**

##### The Director

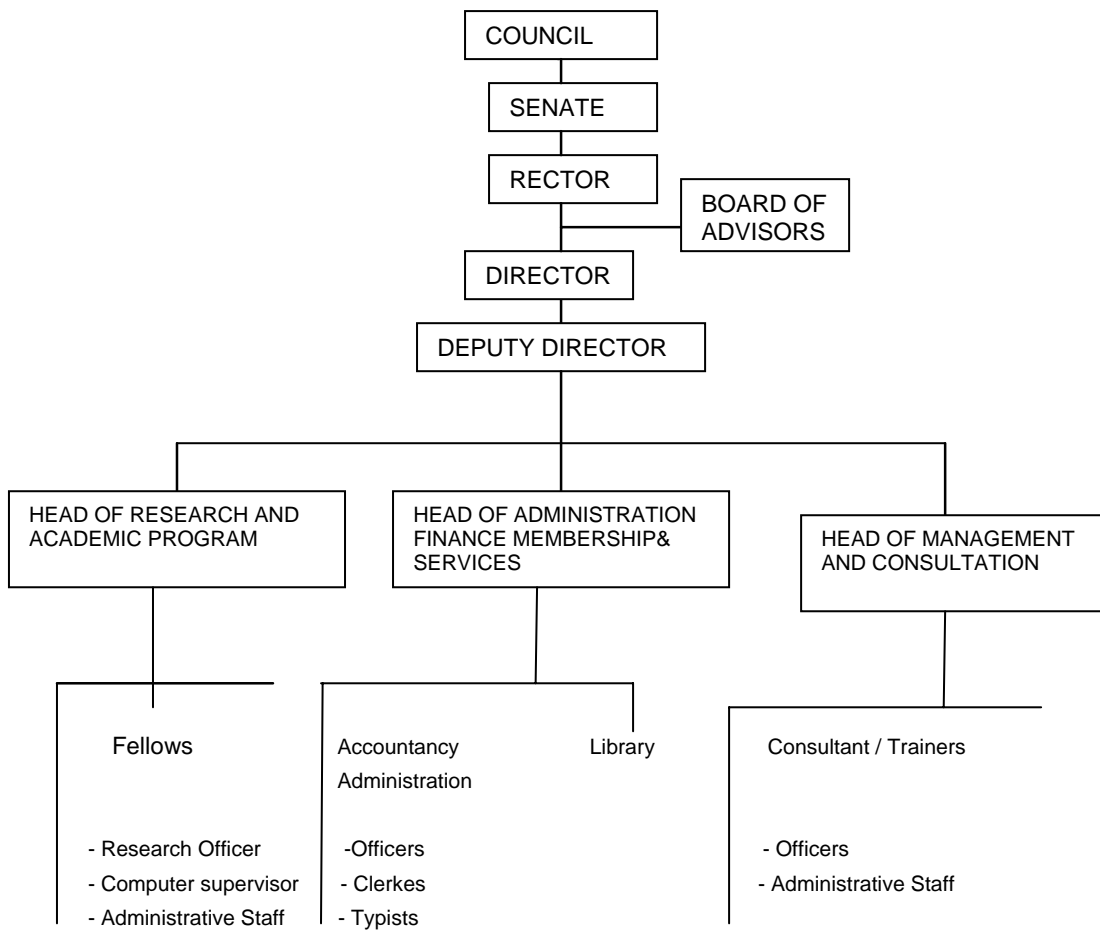
The director will be the principal officer of the center. He will be responsible for planning, organizing and controlling the programs of the center. He will represent the center in Senate meetings. He will also prepare the annual report and the budget of the center. The director will be the secretary of the Board of Advisors.

### **D. AMENDMENTS**

#### Article 12

Amendments to this constitution, if any, must be approved by the Senate of the International Islamic University, Malaysia.

## ORGANIZATION CHAR





## **FLOOR DISCUSSION OF THE AL-JUNAID PAPER**

Maliah Sulaiman

Following brief introductory remarks by the chairman, Syed Abdul Hamid Al-Junaid made a presentation. At the outset, he made it clear that he had no original ideas to share in discussing the center. However, he expressed a desire to share his thoughts on the directions for the center against the backdrop of the emerging socio-economic scenario in Muslim countries. He stressed that Muslim organizations and countries needed to design strategies that are neither secular nor traditional. He was of the view that Islam, duly understood, is a sufficient condition for effectively managing organizations and societies. It has been confirmed by some Islamic scholars that the Tauhidic paradigm encompasses the universal values generally lauded as necessary for effective management. As such there is no need for wholesale implantation of secularised Western approaches into our management system. In fact what is needed is the Islamic value system properly conceived, understood and practised in the form of successful living examples. He argued that besides professional excellence the condition for the success of any organizations is value creation.

He was also interested in determining what it takes to be a center of excellence. He highlighted the role of knowledge in excellence. He argued that affective strategic designs can hardly be accomplished without the help of relevant knowledge. He concluded his presentation by suggesting that as change agents, Muslim organizations should seek to generate their own knowledge rather than trying to borrow wholesale and blindly use knowledge generated by others.

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The session was chaired by Professor Kamal Hassam, Deputy Rector (Academic Affairs), International Islamic University, Malaysia.

Maliah Sulaiman is Assistant Professor, Department of Accounting, Kulliyah of Economics and Management, International Islamic University, Malaysia.



Many questions and concerns were raised from the floor. Abdul Wahab expounded on the concept of management by saying that it includes within its orbit (a) philosophy and values, and (b) technology.

He was of the opinion that Islamic value system must be part of contemporary management. He felt that Muslims should seek knowledge from anywhere in the world as there was no one way of doing things. Muhammad Al-Buraey was of the opinion that the center be called Islamic Management Center. Hatem El-Karanshawy expressed the need to balance various activities of the center. He suggested that business people should be included in the board of directors of the center. He felt that the link of the center to the university should be clearly defined. Tarek Othman Al-Kasabi expressed the hope that the center would take an Islamic approach. Shuja Nawaz advised the center to strengthen links with the private sector. This would help the center finance a lot of its activities, he added. Mirza Saiyadain wanted to know what kind of attempt, if any, had been made by the center to identify the management development needs? And, is there a base line information available for the center to go ahead with its strategic plan? Claude Cellich advised the center to establish links with the business community. He argued that the center should be managed as a business concern. Jarjisu Sa-Aadu favored a strategy for the center based on professional excellence. He advised the center to define efficiency with reference to proposed activities of the center. Salman Shah urged the center to be careful in defining its mission clearly. He was of the view that management development programs should be offered to all sorts of organizations. He advised the center to move gradually towards the new systems which could complement the existing system. Koyakoti wanted to know what it takes to be a center of excellence. Muhammad Iqbal wanted the center to focus attention on global management issues.

In response to the concerns raised from the floor, Al-Junaid said the center should be demand-oriented in its approach and strategy. The center should help the process of privatization taking place in Malaysia, he stressed. An effective cooperation between the private sector and the center would certainly prove fruitful, he argued.

Finally, he used the opportunity to clarify some of the issues pertaining to Islamic management. He emphasized that the real issue for organizations in Malaysia and indeed elsewhere in Muslim countries is how to be profitable by being Islamic in mission, approach, and strategy.

# **CONSULTANCY AND ADVISORY SERVICES: SCENARIO AND STRATEGIES**

Mired S. Saiyadain

The IIU Management Center (IMC) has been established at the International Islamic University (IIU) to (a) develop Islamic alternatives for management courses at all levels, (b) provide consultation and advisory services, (c) organize forums for exchange of ideas, and (d) do research and disseminate its findings. This paper examines the current business environment and suggests a blueprint for setting up an advisory services unit at IMC.

## **Business Environment**

Organizations might be matched to future world on the basis of accurate predictions. A number of such predictions are available to us. Some forecasters have predicted that energy shortage, famine and ecology decay will overtake human efforts for good quality of life unless limits are placed on resource consumptions<sup>1</sup>. Twenty percent of world's population in industrialized countries is consuming 80% of world's resources. Hence, the limits would require less industrialized countries to consume more. Others have stated that different societies will grow at different rates placing constraints on consumption because of social and political decisions rather than any other factor<sup>(2)</sup>. Still others predict that potentially innovative alternatives can take care of energy shortage, dwindling agriculture produce, and pollution menace<sup>(3)</sup>. These predictions are as diverse as the forecasters themselves. However, they all have one thing in common. They all imply rapid social and technological change irrespective of the nature of prediction.

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**Dr. Mirza S. Saiyadain is Professor, School of Management, Universiti Sains Malaysia, Penang, Malaysia.**

Most managers today recognize the inevitability of change, that the only constant is change itself. The dizzying rate of change and accompanying uncertainty have had and will continue to have tremendous impact on the organizations and the way they are managed. The challenge is clear. In order to be competitive and even to survive, organizations of all types can no longer afford to do business as usual. There have to be more creative alternatives to do business in a sustainable way because changes are taking place in critical areas of operations. These alternatives have to be suited to the cultural milieu of the Muslim world.

These changes are taking place in the following areas.

1. First and foremost, rapid changes seem to be becoming a way of life in organizations that attempt to use suitable methodologies to convert the input into output. Technological change is perhaps the most rapid and most visible of all of them. More faster and sophisticated technologies are replacing the recently replaced machines and systems. In the area of computers, the pace of change is so fast that the moment an organization decides to go in for the most updated computer technology, a better one is available on the shelf making earlier decision obsolete. We have already entered the second generation of Information Age. The first generation was characterized by automated data processing. The second generation has moved to automated decision making and telecommunications. Decision support and expert systems and E-mail are putting every member of the organization in direct communication with everyone else, locally or globally.
2. Added to the challenge of fast-paced technology is the dramatically changing nature of workforce. Members of this workforce are better educated, younger in age, vastly exposed, more committed to their hopes and aspirations, greatly concerned with natural justice and would like themselves to be treated with dignity and respect. They aspire to grow fast and any hindrance to growth can become an excuse to dissociate particularly, if in the labour market more jobs are chasing few people. Their expectations are high and may not be easily fulfilled as jobs prove insufficiently challenging and meaningful. In developing nations, another reason for dissatisfaction may be that many young graduates of colleges and even high schools are over-qualified for their

jobs. They are looking for greater flexibility and freedom and greater control on their pace of activity in jobs.

3. A third kind of change that is sweeping the corridors of corporations is a growing globalization of business. World borders are becoming meaningless. To stay in business the organizations have to get out from the home base. International financial systems, markets beyond borders, dependence on other nations for raw material supply and technology transfer are the order of the day. However, while the globalization of market is becoming a fact of life, simultaneously geographically localized trade arrangements are also on the increase. There are regions of free trade, common markets and select nations pooling their resources to facilitate their industry and trade. 'Golden Triangle' of North America (NAFTA), 'Pacific Rim', EEC and AFTA are the realities of today. Most recent of this is the proposed common trade facility among the nations of South America.
4. A fourth kind of change is the 'Quality Service Revolution'. It is a challenge of particular significance in the field of management. With increasing consumer consciousness, quality of products and services has become the competitive edge in the world market place. Toyota slogans 'Our current success is the best reason to change things' or 'Build the best product you can and continually make improvements' have set the tone for rapid inch-up product strategy. Whereas price, brand loyalty, attractive design and technical innovations are still important to consumers, the quality of the product has surged ahead in relative importance. So is the case of delivery of quality in service sector<sup>(4)</sup>. There is sufficient accumulated evidence to suggest that delivery of quality products and services to customers has a direct impact on the success of organisations. A survey of 3,000 firms over 15-year period found that those judged to have the best quality products and services came out on top<sup>(5)</sup>.
5. Perhaps the most significant change is the realization that organizations draw their resources from society and in turn have an obligation to society. It is not any more a simple case of the social responsibility of the organizations but a much larger concern for the environment. These

concerns have been raised for decades but they are coming to the center stage now<sup>(6)</sup>. Increasing consumer awareness, growing alarm about problems ranging from global warming, toxic waste, water pollution, closing of landfills, deforestation to media attention on some of the recent oil spills have raised serious concerns. Products and packages which are not environment-friendly, marketing claims that are over-stated, failed equal opportunities for employment and ignorance for local legal requirements have caused very dearly to many organizations. Watchdog agencies on environment, public interest litigation, ethical responsibilities and cultural censorships are the greatest challenges facing the organizations today.

This then is the environment - change and challenges that consultancy or advisory services have to respond to. It is particularly a challenge because management advisory service is one of those occupations whose influence is proportionately greater than the numbers engaged in it. In the following pages a blueprint of the advisory services to be provided by IIU Management Center is presented.

### **Consulting and Advisory Services Unit**

Although its professional image is only just coming to age, the roots of consultancy and advisory services go as far as the business itself. As a formal professional activity, management consultancy started in 1914 by Edwin Booz which eventually became Booz, Allen and Hamilton in Chicago. This was followed by another company in 1926 set up by James O. McKinsey in Chicago, now called McKinsey and Company. According to a projected estimate based on 1978 data, today there are more than 3,500 consulting firms in U.S.A. employing more than 60,000 consultants and doing a business worth about US\$3 billion a year.

What is the nature of this business? The Association of Management Consultants of America defines management consultants as "individuals qualified by education, experience, technical ability and temperament to advise and assist on a professional basis in identifying, defining and solving specific management problems involving organization, planning, direction, control and operations of enterprise. They serve the enterprise as impartial, objective advisors who are not the employees of the enterprise". To this

definition, International Labour Organization (ILO) adds another dimension. According to ILO, "Management consultants are those people who give advice and suggestions to management - visit the firms and study their individual problems on the spot". While these two definitions stop at a stage where the consultant indicates to the organizations the nature of the problem faced by them and suggests an action plan, Tisdall<sup>7</sup> goes on to say that the consultant also has the responsibility to assist organizations to implement the recommendations.

Consultancy and Advisory Services Unit (CASU) is visualized to weave its activities around the major changes that are taking place in the environment and to provide quality services to the organizations facing specific problems. Its mission is seen as proactive to foresee the organizational needs and to facilitate making strategic changes in people, technology, organizational processes and structures. Its goal is seen to assist client organizations to obtain an array of resources and simultaneously generate enough products, services and other "values" to keep the resources flowing in.

The exponential growth of service and technology during the 20th century has resulted in an unprecedented expansion in industry accompanied by an impressive development of management functions. Managers today are finding themselves having to cope with an external environment which is not only turbulent and uncertain but is of ever-increasing complexity. Furthermore, the enterprise itself has grown in size and complexity. CASU has to identify strategic areas which are of prime concerns to managers and offer them assistance in improving the operations in those areas. This means that to begin with CASU has to be structured in such a way that facilitates its own functions.

### **Culture of CASU**

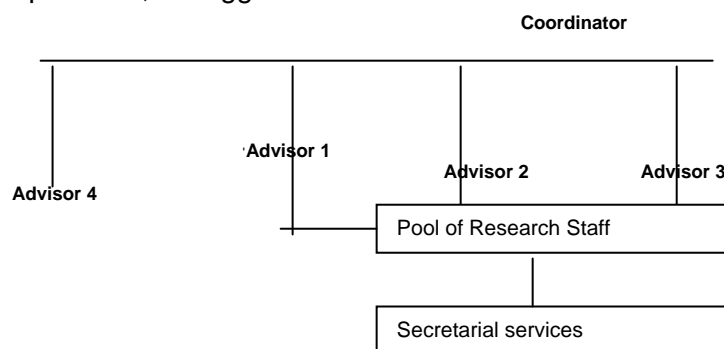
Given the significance of advisory function, CASU has to evolve a culture that rewards quality and excellence. This should come through a proactive attitude, signifying an environment that encourages experimentation and has the cushion to absorb a few shocks of failure-failure that should be converted into an opportunity. It has to be a culture that stimulates peer consultation and team spirit, a culture that affects changes in

values so that feelings and similar non-intellectual expressions come to be considered a legitimate part of organization's life. Specifically, CASU . should evolve a system of functions that synergizes the following components of culture into excellence.

- \* A culture that promotes and sustains effective performance of highest quality.
- \* A culture that continuously searches for new challenges.
- \* A culture that stimulates enthusiasm for innovation, experimentation, change, flexibility and freedom.
- \* A culture which fosters and utilizes creativity.
- \* A culture that encourages increased understanding within and among working groups in order to reduce dysfunctional individual an/or organizational tensions.
- \* A culture that is marked by mutual trust, support, open communication, interdependence and multi- group membership.
- \* A culture which generates personal commitment and a sense of pride in one's work and organization.
- \* A culture that has built-in system of self criticism, evaluation and education, rather than fault finding, blame-passing and finger-pointing.

### **Structure and Staffing of CASU**

To achieve the above mentioned, CASU has to be structured on the principles of peer culture where task is more important than position. A relatively flat organisation that facilitates flexibility, better time management and openness, is suggested below.





*Coordinator* should be of the level of professor whose main job should be external relations. The role envisages generating "business and "marketing" the services available in CASU. Though the Coordinator can also offer his/her services for consultation, he/she should not impose his/her will on Advisors in matters that relate to the functions of Advisors. In order to reduce the possibilities of empire-building, the position of Coordinator should be rotated amongst Advisors where each one of them could serve for a term of three to four years.

*Advisor.* Given that organizations may be shy of sharing organizational problems with those who do not hold position of visibility in CASU, the Advisor should be of the rank of professor. He/she should be involved in programme management, proposal writing, information gathering, particularly where higher levels of management are concerned, analysis of data, presentation and report writing. He/she should also be involved in the process of implementation, should this form a part of the contract. The Advisor should also have limited "marketing" responsibilities.

*Research Staff:* As far as possible, MBAs or exceptionally qualified postgraduates should be hired to provide support facilities to the Advisors in their functions. Research staff should be put in a pool and should be allocated to Advisors on a project-to-project basis. This is particularly important because this kind of involvement would expose them to the broad-based understanding of the problems of organizations and prepare them for a possible promotion to the position of Advisor.

*Secretarial Services.* The secretaries should not be assigned to Advisors on a one-to-one basis. They should instead form a pool with a supervisor who would function as a link between Advisor/research staff and secretaries.

### **Functions of CASU**

CASU should focus on the following areas of responsibilities and functions.

- \* It should practice strategic management in defining its objectives, portfolio of services, allocating and developing resources and harmonizing the various choices.

- It should ensure that client base is clearly defined and the institution is very closely linked to it.
- It should ensure that its approach is interdisciplinary and problem-oriented rather than discipline-based. It should have a strong practical bias and should view practical improvements in management as the ultimate goal.
- \* CASU should ensure the marketing of the talents available and the nature of services it could provide. It should encourage Advisors and research staff to conduct research, to accumulate body of knowledge and disseminate it through publication and reading papers in conferences. It should organize seminars, lectures and panel discussions, etc. by Advisors and should seek membership in professional bodies. Perhaps in a limited way it should go in direct marketing of its services through media (print and electronic) and publicity through other channels.
- \* The employees should be regarded as its most precious resource. Professional integrity, motivation and competence should be beyond doubt and the employee profile should be consistent with CASU strategic choices and intervention methods.
- \* CASU should encourage Advisors and research staff to undertake whatever preparation is necessary to keep them updated on the changing profile of knowledge base. They are the assets of CASU and all attempts should be made to keep them in "full-alert" state.
- \* Advisors should be encouraged to work on consulting assignments as teams. This would not only help in perpetuating peer culture but would definitely enhance the quality of assignments.
- \* Consulting is a creative activity and creativity requires flexibility and freedom. The Advisors should feel that they have sufficient academic flexibility to take day-to-day decisions in the conduct of the assignment as they deem fit. Once an assignment is discussed and approved by peers and/or Coordinator, the Advisor should be left alone.
- \* All consulting assignments are opportunities to learn. As a part of the contract, organizations should be encouraged to allow Advisors to write

and publish case studies, and papers, based on consulting assignments. A system could be developed whereby the organizations could look at the case/research paper, etc. before it is disseminated and give their approval.

- CASU should develop flexible consulting rates to suit the abilities of the organizations to pay the fees. Frozen consulting charges would by their very nature eliminate a large number of organizations who need help but cannot afford it.
- All consulting should be institutional consulting. If the advisory services are designed not only to solve the specific problems of individual organizations but to professionalize the field of management, consulting for individuals would not go very far. When organizations commit for outside help they also, to some extent, make commitment for implementation. Action plans generated through consulting for individuals have a higher risk of not seeing the light of the day.
- CASU may also consider paying a portion of consulting fees to the Advisors and in some proportion to research staff/secretarial services. This should be particularly so if they are not exclusively hired for advisory services.

#### **Profile of the Advisor**

As mentioned in the beginning, some radical changes are taking place in business environment that an effective consultant has to reckon with. Today's business is characterized by global competition, market specialization, cross border financing, social consciousness of consumers and the realities of "Star War" technology. Advisors have to be aware of the enormous need and market demand to assist in coping with the changing scenario. Following two most important considerations should guide the Advisor-company relationship particularly in the current turbulent environment of business.

1. To provide effective services, knowledge and expertise in the field of management are sufficient but not necessary conditions. What is needed is the skill to use this knowledge and expertise in the service of a client.

2. Since advisor is a "change agent" and since advising involves a collaboration between him/her and the client, advisor should bring to this collaboration an in-depth understanding of the organizations and how they function. The advisor should not be seen as a content specialist alone but as one who gives client sufficient confidence in his/her understanding of how the organizations operate.

As "knowledge workers" advisors do not provide things. They produce ideas, information and concepts. Therefore, they must concentrate on who would use these as outputs and work with them to this end. Today's advisors have to deal with better educated and more articulate managers. Therefore, they must possess certain attributes and predispositions to be effective. Margerison <sup>(8)</sup> has suggested a list of 10 qualifications that make an advisor effective. These are presented below. Although the specific nature of consultancy assignments may vary from organization to organization and from time to time, the attributes of effective consulting, however, may not change across assignments, organizations or time.

1. The effective consultant listens to understand.
2. He/she accepts data without contradicting what the client says.
3. He/she is initially non-judgemental.
4. He/she concentrates on assignment on a priority basis.
5. He/she takes time to assess the problems as against showing impatience.
6. He/she gets to know the problem or opportunity instead of proposing instant prepacked solutions.
7. He/she summarizes accurately what the client says.
8. He/she fulfills the promises.
9. He/she adopts a positive approach as against pointing out what is wrong.
10. He/she works to facilitate action improvement.

What this list suggests is a number of enduring qualities that strengthen the relationship initiated by the organization. These attributes

communicate to the client that the assignment is taken very seriously and honest attempts are made to understand their problems and seek appropriate solutions. Peter Drucker was quoted to have said that his greatest strength as a consultant was to be ignorant and ask a few questions. Consulting is delicate business and CASU should ensure that the faith of the client is not disturbed by allocating responsibilities to someone who is not fully prepared for the assignment.

### **Role of the Advisor**

There are a number of reasons that lead organizations to seek outside help. Any one of them or most of them may compel organizations to look for assistance. By and large following may constitute reasons for seeking outside assistance.

1. When a specialized task has to be performed and the organization does not possess the expertise to perform it, it seeks outside help. The ongoing cost of hiring a person on the payroll and to develop the necessary infrastructure to support his/her efforts may not justify the need for such an action. An advisor provides a better alternative for such a short-term affair.
2. If anonymity has to be maintained, an advisor may be a better bet as he/she does not have any vested interest in the ongoing affairs of the organization except those that are of immediate concern for his/her limited assignment.
3. If the organization is facing a politically sensitive issue and the impartiality of insiders can be a suspect, perhaps the advisor who has no stakes of his own may be more suited to take neutral stand and suggest objective decisions/actions.
4. When the organization is pressed for time and does not have the paraphernalia to mobilize resources in time to meet the deadline, it is more reasonable to look for an advisor who would take the total responsibility and yet be able to meet the time criteria.
5. Sometimes, advisor is approached for assisting the organization because of the prestige that he/she brings to the assignment. Concerned

managers may get an answer to some of the problems faced by organization using the services of a well-established and prestigious advisor and use his/her report to press for specific decision and/or actions in relevant forums.

At the individual level, advisors may be approached by managers because of following reasons.

An average manager is basically a "lonely" person and cannot trust his own employees for advice.

The managers are sure that they have a problem but are not quite clear of what is bothering them.

The managers are overburdened and find it difficult either to be able to diagnose their problems or find solutions.

Interestingly enough, despite these compelling reasons (both individual and institutional) the managers may be hesitant to retain the services of an advisor because of the following reasons.

1. They may be suspicious of a stranger who might have worked for competitors and/or government agencies.
2. They may be able to foresee the possibility that once the assignment is on the way they may not be involved in the process of consultation.
3. They fear that their point of view may not become a part of the advisor's recommendations.
4. Often not trained in managerial discipline or not being able to stay updated, they may feel that the recommendations of the advisor may be too "theoretical and academic", and that these recommendations may not be pragmatic or functionally useful to them.

Management consultancy parallels professional management. Just as managers may have dichotomy of approaches based either on intuition or formal axioms, the advisors may also have variations in approaches. But irrespective of the nature of approach the advisor must combine observation, measurement and experimentation with communication and persuasion to get the best results. Management advisors are change agents and they normally form a bridge between academic research and its application in business.

About twenty years ago while talking about organization development, Steele<sup>(9)</sup> described following nine roles of advisors which by themselves form a very interesting list of the roles that advisors can perform.

1. *Teacher* - Provides clients new information and insight into the organizational world.
2. *Student*- Is eager to extend his/her understanding of organizational life.
3. *Barbarian* - "Asks the unaskable, says the unsayable".
4. *Detective* - Attempts to uncover the underlying reasons for the client's problems.
5. *Time keeper* - Helps in managing time.
6. *Talisman* - Represents different values, a visible symbol of change.
7. *Advocate* - Persuades the client to accept a point of view.
8. *Monitor* - Observes objectively.,
9. *Sacrificial lamb* - Is used by clients to surface issues too hot to be handled by insiders.

Although few would dispute the claim that modern organization is a remarkable institution, there is less general agreement on the factors that are responsible for this condition. The organizations have responded with demonstrated capacity for self-renewal and self-maintenance. This capacity, however, is not entirely the doing of insiders in an organization. A large number of organizations have profited from outside help which often has asked for uncomfortable information and given painful reports. Professional, proactive organizations have found the pain bearable and have been able to convert it into opportunities for self- renewal.

Being a change agent, an advisor is essentially involved in process consultation. Edgar Schein<sup>(10)</sup> defines process consultation as "a set of activities on the part of any consultant which helps the client to perceive, understand and act upon process events which occur in the client's environment". An advisor has the special responsibility to involve organizations in self-diagnosis. Following may be the major role inputs that advisors can offer.

1. Most managers have constructive intentions. They want to improve things but they need help in identifying what to improve and how to improve. Most managers are sensitive to variations in moods of people and working environment. They can point out that something is wrong. An advisor can provide special help to managers in diagnosing their real problems and preparing them to cope with them.
2. Managers often do not know what kind of help advisors can provide. Having had the initial discussions with the clients, the advisor can identify the kind of help the manager needs and who could best provide it. If the advisor feels that he/she is not prepared to undertake this particular assignment, he/she may either close the deal or suggest another advisor.
3. The advisor's role is to collect and process information, draw conclusions and suggest an action plan. He/she is supposed to provide challenging and pragmatic alternatives to the client to consider. Decision making on these alternatives must, however, remain in the hands of the client. Advisor is a change agent and hence suggests only alternatives but does not take decisions.
4. Without exhaustive and time consuming study, the advisor cannot learn much about the specific culture and the way of life of the organization. Knowledge of culture provides the backdrop for effective and reliable new courses of action. The advisor must work jointly with members of the organizations who do know their culture intimately.

### **Politics of Consulting**

A consulting assignment of any size involves a consideration of the politics of the assignment. Very often the decision to use the services of advisor is taken at the highest level without involving other levels in the process. The advisors may find themselves in situations where they are retained by one level but have to work with others at different levels. Those at the other levels, particularly at immediately lower levels may create barriers in the operations of an advisor, because they may be :

- (a) sceptical about the assignment particularly if they are forced to work with the advisor;



- b) afraid that the recommendations of advisor may be contrary to their own thinking;
- c) afraid of being quoted, and
- d) afraid that information provided by them may be "misused".

Many of the people who may influence the success or failure of an assignment may neither have formal roles nor authority. They may be union leaders, opinion leaders, or powerful individuals within the organization. They often have useful information but do not share it because they are not part of the consulting sample. An advisor has to realize where the power lies and know how to mobilize it. It is, therefore, necessary to build a political structure to accommodate different interests and opinions and involve those who may be able to provide critical information.

All consulting assignments are political events. By choosing to intervene the advisor is asked to take sides. A good relationship with the top management is necessary but not a sufficient condition. The advisor has to be patient and has to spend considerable time in reassuring people at all levels and explain his program.

### **Code of Conduct**

Any job becomes a profession if it satisfies the criteria of having a body of knowledge and a code of conduct. Consulting is a profession. The advisor not only has access to a large body of knowledge by way of theories, concepts, framework, and experiences, etc., but also has to follow certain professional norms of behavior. Following "dos" and "don'ts" are necessary to provide the dignity to the profession of consulting.

1. The advisor should accept only those assignments where he/she feels qualified to handle them. Assignments should not be accepted because they generate revenue.
2. In trying to identify problem(s) for managers, advisor should avoid twisting the information to suit his/her expertise. Problems should be identified and established objectively based on the facts of situations.

3. All information provided by clients is privileged information. It should neither be shared nor used for another person or institution.
4. Consulting assignment should not serve as a tool for management decisions taken in advance. The information collected and the conclusions drawn should purely be based on the logical deduction and should not be used as inputs in self-fulfilling prophecies.
5. If the advisor feels that clients are seeking to use his/her name and reputation for generating influence in organizational decision making and not for the substantive services, such assignments should be avoided.
6. Assignments where freedom of independent work is endangered should be avoided.
7. As far as possible, simultaneous assignments from competing clients should be avoided.
8. As far as possible, clients should not be approached for employment nor should they be used as training ground for advisors or their associates.

CASU is conceived in the image of an institution that builds its foundation on responsiveness - responsiveness to the hopes and aspirations of its employees and responsiveness to the market demands and need fulfillment of its clients. It is conceived as a dynamic system that has : sufficient cushion to absorb the shock of novelty without ever losing sight of excellence and upright proactivity. It is conceived as a system that believes in perpetuating professionalism and setting exceptionally high standards of quality.

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# COMMENT ON "CONSULTANCY AND ADVISORY SERVICES : SCENARIO AND STRATEGIES" BY SAIYADAIN

Abdul Aziz

## Overview

This paper is an excellent document that outlines the strategies for planning and structuring IIU Management Center (IMC) established at the International Islamic University. It has addressed complex issues relative to the direction and efficient functioning of such a unique organization. A venture of this nature presents great challenges and enormous opportunities for helping organizations that are largely Western in design and exist in a non-Western environment. The culture of a modern Western organization is shaped by perhaps a different value system that perhaps envisaged by IMC or its prospective client organizations. Unfortunately, Western organizations have fostered undesirable social and cultural consequences. For example, unethical business practices of executives and corporations, alienation of employees from organizations, impact of industrialization on socio-cultural environment throughout the world are among growing concerns that call for a close examination of value systems of these organizations and search for alternatives. Clearly, the present framework is not suitable for Consultancy and Advisory Services Unit (CASU) or its client organizations. CASU and IMC may be able to play the role of a change agent in current industrial environment and provide an innovative and fresh perspective for improving organizational effectiveness through consultancy and research. Organizations that exist in both Islamic and non-Islamic environments may be managed through a blend of Islamic principles, local traditions and modern technology. Such organizations

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Dr. Abdul Aziz is Associate Professor, School of Business and Economics, College of Charleston, U.S.A.

may be more adaptable to their environments. For example, a clear emphasis on personal and professional ethics, decision making through consultation aimed at consensus, higher commitment between an employee and the organization are some of the principles that may be rooted in Islamic tradition but if developed and applied carefully may prove to be universally effective. Consultants and researchers at CASU or IMC may be uniquely qualified for this task. The experience in some of the Arabian Gulf countries has shown that modern technology and traditional values are not necessarily in conflict with each other. However, developing this new perspective may not be as easy as it may look. Further research and a good understanding of an interaction between local conditions and modern technology may be an important prerequisite to success.

### **Environmental Analysis**

The paper by Saiyadain presents a good analysis of technology profile of future workforce and consumer expectations that are important for future organizations both in Islamic and non-Islamic countries. However, we need to examine some other issues with reference to organizations in other parts of the world. For example, the transfer of technology from Western organizations to non-Western societies, level of technological advancement and industrialization in recipient country and its impact on socio-cultural and religious traditions, human and natural resources, inevitable cultural diversity of the workforce, and a society's expectations from a modern organization need to be carefully examined and analyzed. Research at IMC should provide a profile of an effective organization in diverse environments to serve as the basis for consultants' advice to client organizations. The need for research in understanding the interaction between traditional and Islamic value systems and technological advancement cannot be overemphasized. The current published literature on some facets of this subject is almost nonexistent. Therefore, the design and structure of effective organizations in non-Western environments will have to be a continuously evolving process as our understanding of these issues continues to grow. Traditional and Islamic perspectives may prepare the client organizations for a more effective response to a changing environment.

**Structure**

The proposed structure of CASU in the paper shows research to be a secondary activity to consultancy. Although a close linkage between these functions is inevitable, consultancy may require a strong support from extensive research on general issues and specific problems faced by client organizations. In consulting, more emphasis is placed on problem-solving through improved managerial practices whereas research involves pushing the fuzzy boundaries of knowledge through a rigorous scientific method. Given the nature of its likely clients, CASU may need to establish a program of research that would address the specific needs of such organizations. Therefore, a structure that would emphasize research and consultancy equally and yet keep them interdependent may be more suitable.



## **FLOOR DISCUSSION OF THE SAIYADAIN PAPER**

Husnayati Hussin

The chairman appreciated the role of Consultancy and Advisory Services Unit (CASU) at the IIU Management Center. He highlighted that consultants are change agents in any contemporary society. The center should recognize this fact, he said.

Mirza Saiyadain summarized his paper and argued that, in designing various consultancy programs, the center should use practical methods, including action planning and follow-up to help clients implement change programs effectively. He said the center's consultants should be responsible for (a) diagnosing the current situation and identifying with the client effective ways of improving performance; (b) helping the client decide the objectives and strategy for organizational change; (c) guiding the implementation of the change project, and (d) harnessing the energy of managers for developing new skills, attitudes and processes for business success.

Abdul Aziz (discussant) appreciated the paper, but disagreed with the organization structure for CASU suggested by Saiyadain. Abdul Aziz wanted equal importance to be given to research and consultancy.

Mohammed Cahalan (discussant) also suggested changes in CAS's organization structure. He wanted experienced faculty to be made responsible for the activities of CAS. Cahalan said the paper lacks focus on the Malaysian scenario.

Adman Buyukdeniz (discussant) presented some evidence from Turkey and argued that the center should target small organizations in Malaysia.

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**The session was chaired by Dr. Abad Ahmad, Professor, Faculty of Management Studies, University of Delhi, India.**

**Husnayati Hussin is Assistant Professor, Department of Business Administration, Kulliyah of Economics and Management, International Islamic University, Malaysia.**



He said the center should develop business expertise and help local entrepreneurs.

Cellich said the center should be able to provide an ideal environment to support companies in their zest to become learning organizations. Nawaz advised the center to design client-oriented consultancy strategies.

Iqbal said the center should recognize the need to link consultancy and advisory services directly with the real business world. In response to the growing demand for consultancy and advisory services in the specialized areas of management, particularly in the countries of the Far East, the center should be able and willing to offer a diverse range of specialized services in areas such as quality management, information systems and project management, he added.

A participant from IIU, Malaysia urged the center to define its niche in Islamic management to be able to respond to the needs of Muslims effectively.

# COMMENT ON "CONSULTANCY AND ADVISORY SERVICE : SCENARIO AND STRATEGY" BY SAIYADAIN

Mohamed Dahalan Mohamed Ramli

In general, the paper is a very good collection of reference materials. However, it does not reflect direct linkage to the local scenario. I feel that advisory services and consultancy do not have a clear-cut functional difference.,

## **Structure and Functions of CASU**

I have some suggestions to make here. The nomenclature may be changed as follows :

### **Coordinator to Director**

He/she can be a Professor

### **Advisors to Coordinators**

Associate Professors may be considered for these positions.

There is no need to have a pool of research staff in the line of management. Rather, research assistants and consultants can be appointed according to the nature of the consultancy projects. They may be from IIU or other agencies. Reputed individuals may also be engaged as consultants.

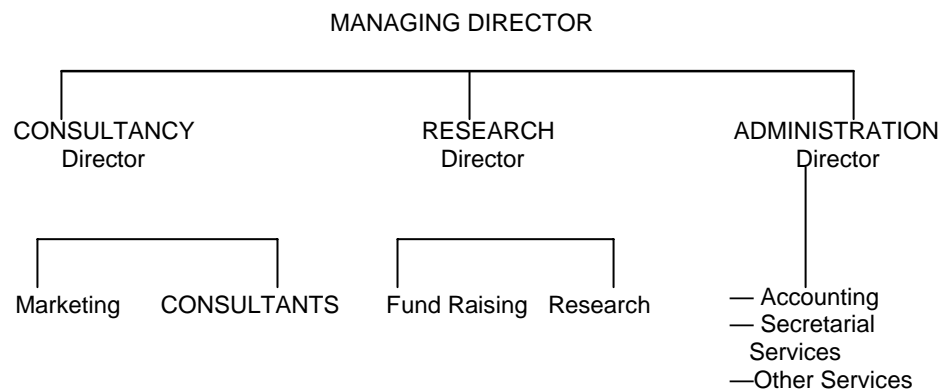
The coordinators/advisors should coordinate consultancy and research. in specific areas. The number of coordinators required depends on the frequency and volume of consultancy work and may be reviewed according to the progress and development of the center.

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**Dr. Mohamed Dahalan Mohamed Ramli is Head, Research and Consultancy Division,  
Institut Teknologi Malaysia, Selangor, Malaysia.**

The secretarial services should be adequate to handle the process of consultancy and research carried out from the initial stage to completion (including financial arrangement)

To assist the center in matters which involve policy making or big projects (indicated by the total cost) and advice on the running of center, a committee consisting of senior faculty and administrative members may be created. This committee may be chaired by the vice chancellor or deputy vice chancellor. In my judgement, the following organization structure is suitable for CASU.



The above structure of CASU may provide help to client organizations to respond to situational demands more effectively.

The paper has presented other issues such as function of CASU, profile and the role of the advisor in a comprehensive manner. More discussion on these issues from a traditional and Islamic perspective may be useful after the mission and strategic objectives of CASU have been defined.

# TRAINING TRAINERS IN INTERNATIONAL BUSINESS

Claude Cellich

## **Introduction**

In a dynamic business environment, particularly in the international marketplace where competition is continuously increasing and technological innovations are constantly being made, enterprises operating on a global scale need staff who are competent, flexible, career-motivated, and adaptable to new company structures, goals, and strategies. Human resource development within a company therefore has to be looked at in a broad context, in which individual improvement of skills and expertise is linked to the firm's career planning and organizational strategy.

To help companies meet these challenges, trainers and training institutions will need to provide a wider range of services than many of them are presently doing, and give greater emphasis to developing individuals' talents.

## **International Business Development Centers**

As part of this new orientation, training institutions will need to review their overall approach to business training. This applies particularly to institutions providing in-service training or retraining, and to a lesser extent, to those training young business staff. Because they will be required to work increasingly in partnership with companies to deliver relevant programs, training institutions themselves should operate more like businesses so that they can respond rapidly and effectively to clients' requirements. Such an approach will be needed to deliver high-quality, customized, and cost-effective programs.

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Professor Claude Cellich is Chief, Training Section, Division of Trade Services, International Trade Center (UNCTAD/GATT), Geneva.

The views expressed here are those of the author and do not necessarily reflect those of the ITC (UNCTAD/GTT).

To provide the type of training needed by business, training institutions are setting up international business development centers. Such centers are focal points for business training, practical research and promoting greater interest in international business among the community it serves. More specifically, business development centers could be engaged in fostering linkages with the business community through training, research and consultancies.

Training programs offered by the international business development centers should be oriented to end-results and expressed in measurable terms. Involving the business community in implementation is the best guarantee for providing relevant training. Such involvement should be initiated from the beginning and maintained on a continuous basis. Establishing a working partnership with business and trade-related service agencies is necessary for credibility and sustainability. To achieve these goals, the business development centers will need to be staffed with trainers well-versed in the career training methods, international business issues and managing training programs. As few trainers have such qualifications, and in view of the rapid turnover, the training of trainers should be envisaged as an on-going priority of the centers.

### **Training Trainers and Practitioners in International Business**

Trainers will increasingly be required to act more like training managers and business consultants in partnership with business than as traditional teachers. They will also need to have a greater understanding of the practical issues in international trade than they now do. Furthermore, in view of the recurrent changes taking place in the international marketplace, they should undergo specific training focused on global and foreign trade issues throughout their career.

In addition to providing direct training, trainers will be expected to give greater attention to counselling business executives on managing human resources, including career planning in their firms.

As exporters and importers attending training programs are concerned mainly with practical applications, trainers should rely increasingly on practitioners willing to share their experience. Trainers will need to build up a

network of consultants, trade specialists, exporters, and trade promotion experts capable of transferring their know-how to others.

The catalytic role of the trainer will be essential in bringing together all such technical expertise and combining it with suitable training methods, educational technologies, and modern facilities, including telecommunications and techniques like teleconferencing, to meet the trainees' and their companies' expectations. This entails working closely with trade associations, business support services, chambers of commerce, research institutions, trade promotion organizations, and other agencies concerned with trade matters.

### **Participative Methods of Learning**

Training programs should be problem- or issues-based with a multidisciplinary approach. The teaching methods used in them should be mainly "participative", that is, with the direct involvement of those being trained, relying on self-development with real-life applications. Emphasis should be on the learning process as a continuous, systematic, and integrated component of individual professional development.

Specifically this means that trainers should focus on teaching particular skills and techniques, rather than simply on relaying information. Lecturing should be replaced by a combination of different participative methods. New educational methods will need to be developed and applied such as on-the-job training, "open" training packages, company- oriented exercises, individual counselling sessions, and real-life projects. Follow-up consultancies may also be required.

For instance, as most of the technical expertise needed for training will be sought from outside business and trade-related organizations, training institutions will have to introduce more flexible policies for hiring part-time instructors. They will also need to provide advice to such trade specialists in training methods. Flexible scheduling of programs will be required to accommodate the availability of part-time instructors.

Training institutions providing courses in non-traditional subjects and issue-based programs will need to make a substantial investment in program design. Additional financial outlay will also be required to develop innovative training approaches including supporting materials.

## **Providing Practical Training to Trainers and Practitioners**

To provide the practical training to trainers and practitioners, a special series of modules should be developed. These modules should be of short duration, spread over time, enabling participants to apply their newly acquired knowledge and skills. Generally, a trainers' program should start with the analysis of training needs that combines both workshops and projects where participants carry out needs surveys for a particular company, industry, region or at the national level. This module is then followed by program design on the basis of the priority needs, including target groups requirements, and defining training objectives. At the same time, participants should acquire participative learning methods on how experienced people learn in order to develop a teaching/learning mix which is compatible with the target groups. After completing these modules, trainers can undertake further training in developing/adapting training materials and training aids, including business games and computer-based exercises.

Further training on writing and teaching cases may be undertaken to ensure the development of appropriate cases to reflect local conditions and the type of problems facing business executives in their environment. Training in consultancy/advisory skills could also be envisaged if the business development center plans to offer consultancy services to the business community. By building up a consultancy capacity, it provides an excellent channel to reinforce the links between the training institution and business such as obtaining raw material for case writing, contributing to the further professional development of trainers and providing income-generating activities. Finally, training managers could acquire additional skills on managing human resource development activities, including organizational structures, budgeting and fund-raising, institutional linkages, etc. A summary of these suggested training modules is given in annex 1.

In designing a trainers' training program, it is possible to combine one or more modules or to select only specific ones depending on the strengths and weaknesses of the participating trainers. It is important, however, to start any program with the identification of training needs and, whenever possible, to carry out a training needs survey. It is only on the

basis of real business training needs that the other programs may be undertaken. The duration of each module can vary from 5 to 10 days, combining a mix of lectures, case exercises, group exercises and project work. ITC has many years' experience in trainers' training in different regions of developing countries. Ongoing and recently completed projects include an Asian Development Bank-funded project to strengthen training and research capacity of the Trade Training and Research Center in Beijing, China, two regional case writing workshops conducted for the World Bank and the Islamic Development Bank in Morocco, and the consultancy training project for Mexico's National Bank of Foreign Trade (BANCOMEXT), which was funded by the bank.

### **ITC's Experience**

For over two decades, ITC has been training trainers within its human resource development activities. In implementing such programs, it has also developed specific training materials for use by trainers in international business. For example, it has developed training packages in various trade topics such as export marketing, export costing and pricing, export product development, trade fairs, and export market research. It has produced a number of casebooks based on the experience of small and medium export enterprises from developing countries. To help trainers become more effective, a number of guides have been developed including training needs analysis, case writing, and managing export training programs. Business exercises have been developed such as TOSC CARPETS, an export market research exercise, and PLANEX, an exercise to develop an export marketing plan. A handbook for trainers in trade promotion has just been published, covering the major issues facing trainers, namely, developing a partnership with business, analyzing training needs, the export training process, and evaluating export training. The majority of the training materials is available in English, French and Spanish.

### **Conclusion**

Access to competent, qualified and motivated staff will become a vital requirement for export enterprises wishing to remain competitive in the international market. Such a change will call not only for knowledgeable



managers with problem-solving skills but also for managers with the capacity to learn how to learn throughout their careers, as part of an on-going process. The successful enterprises of the 90s will be those that give importance to human talents and offer competitive career prospects and development opportunities to their staff.

The major task of future trainers will therefore be to develop human talents in close cooperation with business organizations. With this new responsibility, trainers will, in many cases, take on a new role in the business community: that of training managers and business consultants. To meet such challenges, they will need to develop a greater understanding of the practical issues in international trade and acquire all-round pedagogical and counselling skills. Key elements in this process are regular participation in training of trainers programs and carrying out practical consultancies to remain knowledgeable of business issues facing their client export organizations. This is best achieved when trainers and practitioners are working in an outward-oriented institution, such as a business development center, established to promote teaching, research and consultancies in international trade.

# **ANNEX 1**

## **Suggested Modules for Training Trainers and Non-trainers**

Module 1: Analyzing Training Needs and Setting-up Priorities.

2: Defining Objectives and Designing Practical Training Programs.

3: Training Methods: Dynamics of Learning and How People Learn.

4: Developing/Adapting Training Materials and Training Aids.

5: Writing and Using Business Cases.

6: Developing Consultancy/Advisory Skills.

7: Managing Training Activities



# COMMENT ON "TRAINING TRAINERS IN INTERNATIONAL BUSINESS" BY CELLICH

Abad Ahmad

The paper entitled "Training of Trainers in International Business" presented by Claude Cellich focuses on an important and central activity of the IIU Management Center. Before making comments on this learned paper, which is based on the vast and rich experience of Cellich, I would like to highlight the main points of the paper.

Keeping in view the increasing competition in the international markets and the dynamic business environment there is greater need for competent, flexible, career motivated and adaptable staff, particularly in enterprises operating on a global scale. Cellich has drawn attention to establishment of international business development centers by training institutions in various countries for offering relevant training, consultancy services, conducting research and promotion of interest in international business in the business community. He has emphasised the following points for reorientation in the philosophy, outlook, approach, methodology, etc. for the training institutions.

The need to provide a wider range of services, and to review the overall approach to business training by the training institutions, particularly those offering in-service or mid-career training.

The need for training institutions to operate more like business organizations themselves for effective and rapid response to the changing requirements of clients.

The need for offering end-result oriented training programs expressed in measurable terms.

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Dr. Abad Ahmad is Professor, Faculty of Management Studies, University of Delhi, India.

- The need for close liaison with the involvement of business houses in the development and implementation of training program.
- The need to establish working partnership with trade-related agencies.

Keeping the context in view, Cellich has proposed reorientation of trainers in international business and has drawn attention to the crucial requirement of training the trainers. He has emphasised the following requirements.

- Trainers will be required to act more like training managers and business consultants in partnership with business than as traditional teachers.

They will need greater understanding of practical issues in international trade and should remain updated on foreign trade issues throughout their career and through specific training.

They will need to counsel business executives on managing human resources and career planning in their firms.

Greater reliance will be needed on practitioners willing to share their experience for, practical tips to exporters and importers. For this a network of consultants, trade specialists, trade promotion experts, and exporters who can transfer their know-how should be developed.

In order to make training more effective, Cellich has emphasised "participative" learning methods, and problem or issue-based training programs with multi-disciplinary approach, rather than traditional single discipline-based lecture method. Following points are noteworthy in this connection.

Direct involvement of participants in learning process.

Reliance on self-development with real life applications.

Focus on developing skills and techniques, rather than passing on information only.

Utilization of 'on-the-job training', "open" training packages, company-orientated exercises, individual counselling services, field projects, etc.

For making such methods of training effective, Cellich has emphasised the need to make substantial investment in program design, developing

innovative training approaches, and supporting material.

His specific suggestions for training of trainers and practitioners are as follows.

A special series of short duration modules (5 to 10 days) be developed, with mix of lectures, case exercises, group exercises and project work.

- Modules may be spread over time to enable participants to apply the knowledge acquired through the modules.
- Trainers' programs should start with the analysis of training needs, based on workshops and survey projects carried out by participants for a particular company, industry, region or country.
- Program designs should be based on priority needs, target group requirements, and training objectives.
- Trainers should be exposed to participative learning methods, and based on modules selected according to assessment of strengths and weaknesses of trainees.

Training of trainers in developing/adapting training materials, and training aids, including business games and computer based exercises should be encouraged.

Training in writing cases based on local conditions, and development of relevant case studies is desirable.

Training in consultancy/advisory services, and development of consultancy capacity is important.

Development of additional skills on managing HRD activities, budgeting, fund- raising, and industrial linkages should take place.

Cellich has concluded that the major task of future trainers will be to develop human talents in close cooperation with business community. They will be training managers and business consultants. For their effectiveness, regular participation in training of trainers programs and carrying out practical consultancies will be important. He has pleaded for outward oriented' institutions to promote teaching, research and consultancy in international trade, as contrasted with inward-oriented' academic institutions secluded from business and industry.

The major theme of Cellich's presentation is on making training more relevant and effective through close collaboration with business for identifying training needs, designing result-oriented programs, participative learning methods, problem-oriented multi-disciplinary approach, utilization of non-conventional training methods, modular programs enterprised with field applications, and development of case writing skills and case studies. He has stressed constant updating of trainers' competence through training of trainers, consultancy, projects, and learning from experience of successful businessmen managers, and consultants. In short, his emphasis is on practice-oriented training.

All points made by Cellich are highly pragmatic, and based on my own experience, I am also of the opinion that these points need a great deal of attention by any new training center which aims at achieving relevance, effectiveness, and excellence. ITC seems to have developed training materials for use by trainers in international business which, with necessary modification to suit the cultural requirements of Malaysia, and with supplementary local case studies and teaching material may be useful for the training of trainers.

There are, however a few additional long-term training effectiveness and development issues to which I would like to draw attention keeping in view the concern of all of us here for the overall effectiveness and excellence of the newly started IIU Management Center.

I presume that the overall objective of establishing the IIU Management Center is to develop professional management in the Malaysian business and industry, especially to enhance their competitive ability in international business. Keeping this perspective in view, training is only one of the several activities and the interventions that the center can utilize for meeting this objective. Already the center is proposing to utilize executive education, consultancy, and research as other activities. It may also be relevant to consider other interventions to influence the larger macro-level systems which have bearing on the development and effectiveness of Malaysia's international business, and how can the center play a role in influencing such systems through conferences, seminars, workshops, etc. for improving Malaysia's international competitiveness? Keeping such a broader perspective in view, we need to develop a clear understanding of the

required mission, strategies, structure, culture, staff and capabilities in the proposed IIU Management Center. I shall share some of my thoughts on these points after discussing some issues directly related to training, and the training of trainers, which were the main themes of the paper under discussion.

Some of the major issues that require our close attention are the following.

### **1. Transfer of Learning to the work situation**

Effective training presumably leads to acquiring knowledge, insights, skills, attitudes, and change of behavior that would lead to better performance in a given role. Such learning may be described as significant learning, i.e. learning which leads to change of behavior. The experience generally shows that this does not happen. We know the gap between cognitive learning and action. Further, the role-set within which the trainee has to apply his learning often remains unchanged, and thereby instead of supporting, the superiors, the colleagues, and sometimes even the subordinates discourage the changed behavior, leading to relapse to old practices and methods. The evaluation of training done immediately on completion of the program often measures the collective euphoric feelings, rather than significant learning and its applicability, acceptance, and support for change in the organization back home. Longitudinal followup studies of training effectiveness have, therefore, not yielded encouraging results.

It is to safeguard against this phenomenon that Cellich has suggested involvement of the organization in the planning and implementation of training. There are a few more strategic alternatives to deal with this problem, which have been tried by various institutions and organizations and are worthy of consideration. One is to train a critical mass of people from an organization i.e. a minimum concentration of staff at several levels of the organization who can support each like the three-tier program offered for managers of some organizations by the Indian Institute of Management, Ahmedabad, which enables support from two higher levels to the trainee. Another approach is team training. But more comprehensive approach is Organization Development, in which. a careful diagnosis is made of the



problems and needs for change in the organization through participative discussions and surveys at different levels, and the specific training programs are designed to introduce planned change, along with other interventions and action plans. In addition, the provision of supportive follow-up services from the original trainers, consultants and other resources in the training system can be helpful in this process.

In short, for effective transference of learning pre-training work, support, preparedness for change, and support for change in the organization are important requirements, which need to be kept in view. Evaluation and follow-up of training from this point of view are helpful.

Rolf Lynton and Udai Pareek, in their well known book entitled, *Training and Development*, have highlighted a danger to training (Lynton & Pareek, 1990). According to them: "Training is presented more and more as though it were an activity to be well apart from the demands and activities of every day, at its purest and most desirable when cloistered off somewhere and guided by a quasi-priestly caste of trainers. Such training can have important specialized uses, but it plays a minor role in the field as whole. Trainers and funders meanwhile become quite inordinately preoccupied with curriculum content, program design, training methods and materials, and other details - anything, it seems, rather than face such broader basic issues as purpose, options for achieving it, and a good fit with the wider organizational and social contexts that must first support the training and then the developments training is expected to promote." (p. ix)

## **2. Training and development**

The focus of training is on imparting or improving specific skills and competence to perform a given role more effectively. It is an important and useful input for improvement of performance. However, in the dynamic changing business environment in which most unanticipated problems arise, and a high level initiative, innovativeness, and resourcefulness is required to perform in the competitive environment, the development of the potential of the individuals, teams and organization is more important. Development is more basic, also more difficult, but also quite possible, if the conditions in the organization are supportive of risk-taking, high level of trust, delegation, tolerance for making genuine mistakes, encouraging

innovative problem-solving, and management styles and cultures of the organization are positive and result-oriented. The IIU Management Center may view its role in facilitating the development of such management styles and culture in the client organizations.

### **3. Professional Development of Trainers as Change Agents**

In his paper, Cellich has considerably emphasized the need for training trainers, and constant updating of their knowledge and competence. He has also emphasized the multi-role and multi-skill concept of trainer. This point needs to be further elaborated and kept in view for the professional development of trainers, especially when training is seen as a systematic attempt to develop the human resources required to manage the present tasks and situations as well as those in the future. "When training is closely linked to action, the trainer's role expands from the traditional instructor/organizer of training programs and sessions to include change agent and system consultant to the work organization. The trainer participates in organizational diagnosis, planning change interventions, actually intervening in collaboration with colleagues operating the technologies and services of the organization, and evaluating and replanning the organization's development strategy" (Lynton & Pareek, 1990, p. 28). Thus, the trainers have to develop change facilitation and consultation skills, in addition to being trainers.

The professional development would require careful selection by assessing their motivation and potential, and planned investment in their professional development not only through training but also through involvement in consultancy projects, professional societies, and a network of professional colleagues for enlarging and updating their of knowledge, skill, and insight. The policies and support system of the proposed center will have an important bearing on this process.

### **4. Training Strategies**

Cellich has emphasized the action and practice-oriented strategy for training in his paper, which is no doubt most useful and relevant for improving performance in organizations. However, there are several other strategic orientations for training that have relevance for different purposes

and may be kept in view and utilized according to the specific requirements of change and development of human resources in the organization, and the overall effectiveness of organizations. The following orientations may be examined in this regard.

**i. Academic Orientation**, which emphasizes transmitting knowledge and conceptual understanding, usually through lectures, seminars, individual reading and preparation.

**ii. Laboratory Orientation**, which provides an opportunity to gain insight and skill from direct experience and manipulation of a limited number of elements under controlled conditions away from the job.

**iii. Activity Orientation**, which emphasizes practice of a particular skill with the objective to improve individual performance on a specific job.

**iv. Action Orientation**, which focuses on specific problems of an organization or community, and the trainer/facilitator through participative group processes, project work, and other activities involving the organization/community members helps in solving problems and may also develop participants' skills of problem-solving.

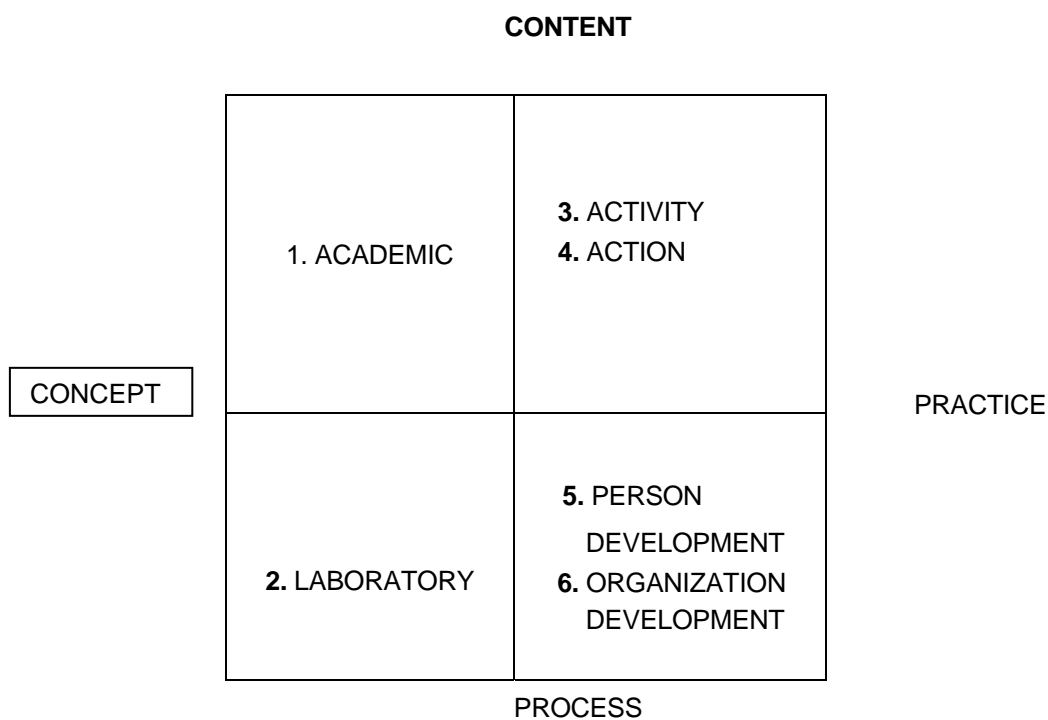
**v. Person-development Orientation.** This orientation does not lead merely to improvements limited to a specific job or situation, but to a widening and deepening of the participant's competence in understanding and dealing with many situations. The orientation gives weight to both job requirements and the processes by which these requirements are met, by providing participants with alternating opportunities to work on tasks and problems similar to those faced on job and to analyse and explain the factors underlying the experiences that they have undergone, and the points of view with which they approached them, thus enhancing their self-awareness and improve their competence in understanding and dealing with many situations. The emphasis is more on how to think, than on what to think. Personal growth laboratories, case methods, structured exercises in human relations, instrumented feedback devices, and role-plays are examples of methodologies which are based on this orientation.

vi. **Organization Development Orientation.** In this approach the central focus and explicit objective is organizational change as contrasted with the individual change. It requires very close collaboration between the

training institution and the work organization. Through a careful collaborative diagnosis and identification of what needs to be changed in the organization, systematic action plans are developed, implemented, and monitored by the management with the help of internal and external facilitators. Training may become an integral part of such change effort to improve individual competence, interpersonal relations, team and inter-team effectiveness, and other specific requirements amenable to training inputs.

Figure I displays these training strategy orientations in a matrix form. (See Exhibit 3.2 for their comparison)

In my opinion, the Person-development Orientation also needs a great deal of emphasis alongwith action-oriented training programs. The other training strategy orientations can also be utilized for specific requirements, keeping in view the overall objective of the center.



(Source: Lynton & Pareek, 1990)

Figure I

## 5. Training Methodologies

As far as training methodologies are concerned, they may be viewed as the tool kit of the trainer. There is a vast range of methodologies available now, which tends to be chosen according to the preferences of the trainers, philosophy of the training institutions, receptivity of the client organization, needs of the program design, and availability of necessary support system. The methodologies vary in terms of their orientation to content and process, degree of structure and predictability of outcomes, trainer-orientation or participant-orientation in terms of involvement and contribution, active or passive learning, developing analytical skills, creative problem-solving, becoming aware of one's own frame of reference, etc. Each one of the methods has some underlying assumptions about learning, and each has some strengths and weaknesses for achieving specific objectives of learning. Figure II gives a sample of the commonly utilized methods and their orientation in the form of a matrix.

Generally speaking, the content-oriented and structured methods appear to be more cognitive learning-oriented and efficient in transmitting information and process-oriented methods are more experiential and appear to be more effective in developing insight, self-awareness, skills and reorienting attitudes.

I agree with the view of Cellich that more participative methods of learning are more effective for problem-solving skills, but for some specific purposes other methods may also be relevant and useful. I would like to further emphasize that utilization of participative methods requires a clear commitment on the part of the training institution, and development of skills and motivation among the trainers to use such methods; otherwise, there is a tendency to fall back on traditional lecture method. The development of case studies and skill of teaching through case methods deserves special attention of the new IIU Management Center, because through well-written case studies based on close contacts with business and consultancy services the reality of the complex business situations can be brought to some extent in the classroom and develop an awareness of the contemporary problems among the participants. Apart from developing analytical ability, active involvement in problem-solving, and respon-

sibility of learning among the participants, the case method also develops a different relationship between the learners and the trainers. It is a method that develops the ability to think on one's own in an egalitarian atmosphere, rather than memorize without questioning what is taught in a lecture-based authoritarian atmosphere which reinforces dependency among the learners. Thus, for developing qualities of decision-making and leadership, the academic strategy based on only lecture method may not be effective.

Another great advantage of case writing in that it makes the teaching material more local and relevant rather than depending on teaching material developed in totally different socio-economic-cultural contexts. The investment in developing case teaching and case writing skills, and in developing upto-date case material in key areas of training and executive education would be a most valuable investment in the long-run.

**CONTENT  
(COGNITIVE LEARNING)**

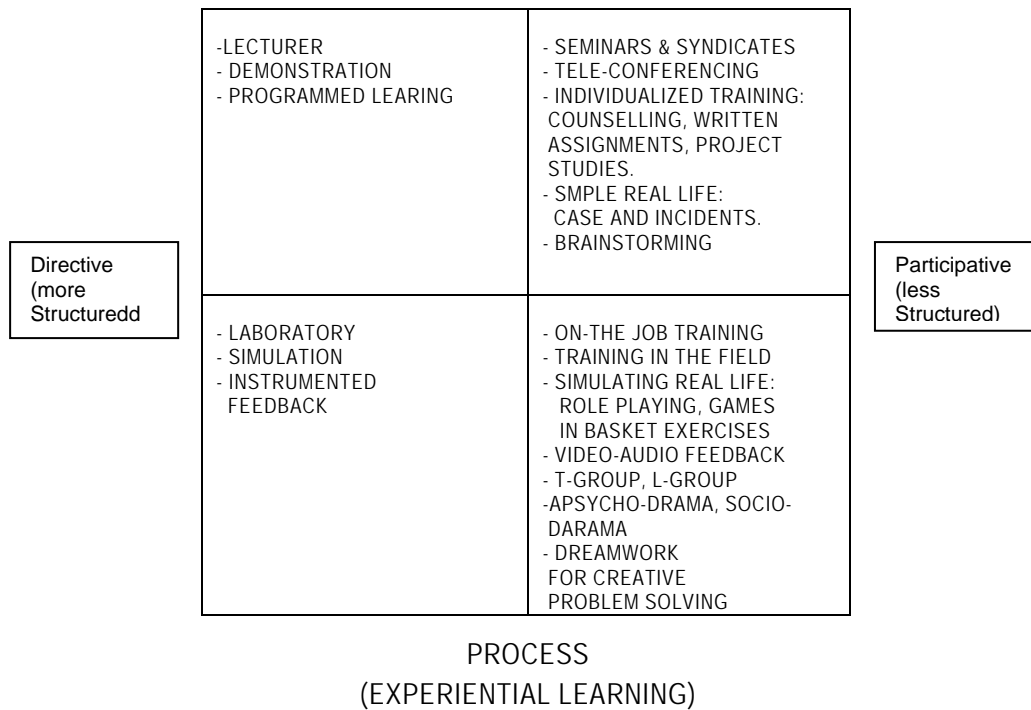


Figure II

## COMPARISON OF SIX TRAINING ORIENTATIONS

Orientation	Emphases	Characteristic Methods	Assumptions	Action Steps
1. Academic	Transmitting content and increasing conceptual understanding	Lecture Seminar Individual reading	<ol style="list-style-type: none"> <li>1. Content and understanding can be passed on from those who know to those who are ignorant</li> <li>2. Such knowledge and understanding can be <b>translated</b> into practice</li> </ol>	Building a syllabus to be covered in the program Examination to test retained knowledge and understanding
2. Laboratory	Process of function and change process of learning.	Isolation <b>Free exploration and discussion</b> <b>Experimentation</b>	<ol style="list-style-type: none"> <li>1. It is useful and possible to pay attention to <b>psychological</b> factors for separate attention</li> <li>2. Understanding of own and others behavior helps in job <b>performance</b></li> </ol>	Unfreezing participants from their usual expectations and norms. Helping participants to see and help others to see their own behavior and develop new habits
3. Activity	Practice of specific skill	<b>Work on the job under supervision</b> <b>Detailed job analysis</b> and practice with aids	<ol style="list-style-type: none"> <li>1. Improvement in particular skill leads to better job performance .</li> <li>2. Production and training can be combined rather simply</li> </ol>	Analyzing skill and dividing it into parts Preparing practice tasks, standards, and aids
4. Action	Sufficient skills to ensure organizational action	Field work, setting achieving targets	<ol style="list-style-type: none"> <li>1. Working in the field <b>develops people</b></li> <li>2. Individual skill and organizational needs will fit together</li> </ol>	Preparation of field programs Participation according to schedule
4. Person development	Improved individual competence in a wide variety of tasks and situations	Field training, simulation methods, incident and case sessions, and syndicate discussion	<ol style="list-style-type: none"> <li>1. Training in job requirements with emphasis on process help participants <b>develop</b> general skills and understanding Organization will support individuals in using understanding and skills acquired</li> </ol>	Identifying training needs Preparing simulated data
5. Organization development	Organizational <b>improvement</b> .	Study of <b>organizational needs</b> Work with small groups from the organization	<ol style="list-style-type: none"> <li>1. Attention to <b>organizational needs as process develops</b> understanding</li> <li>2. Organizational change will result in individual change</li> </ol>	Survey of organizational needs Determining strategic grouping for training Working on organization requirements

Source : Lynton & Preak, 1990.

## **6. Training, Education, Consultancy, Research and Development**

Cellich has emphasized the inter-relationship of training and consultancy in his paper. Similar relationship can be seen in all the four activities to be undertaken by the new center. It may be worthwhile to be conceptually clear about these elements and to examine their inter-relatedness.

Education, in my view, provides the foundation of knowledge and development of personality. It aims at developing the intellectual ability, general awareness of the environment, more mature attitudes and values, and ability to learn on one's own. Training is more focused on the development of specific skills, techniques, and behavior which are required for effectively performing a specific job or role in the organization. Consultancy and research enable the application and generation of knowledge empirically from the field realities. Thus, they enrich both education and training, and are enriched by them in turn.

Development of the individual, training institution and the client organization is an integrative process which enables the individuals or the organization to enhance their capabilities for solving complex problems, coping with the proactively managing their changing environment, and tapping their potential for creativity and innovation. Development is, therefore, facilitated by all the above-mentioned processes, plus real life experiences and insights gained from them through reflection, for which there is no substitute.

Whereas all these activities are highly inter-related and mutually synergistic for the development of management institutions, the experience shows that generally research gets relegated into the background under the pressure of demand for training, consultancy, and executive education. In the long-run this leads to making management institutions merely the imparters of knowledge borrowed from other sources, rather than generators of knowledge through research and case writing. Heavy emphasis on research and case writing right from the beginning deserves special attention of the IIU Management Center.



unlike the traditional disciplines, management being an applied interdisciplinary and action-oriented field, it is worthwhile to examine the possibilities of initiating action-research for changing and developing organizations, and conducting research in areas of direct interest to business and industry.

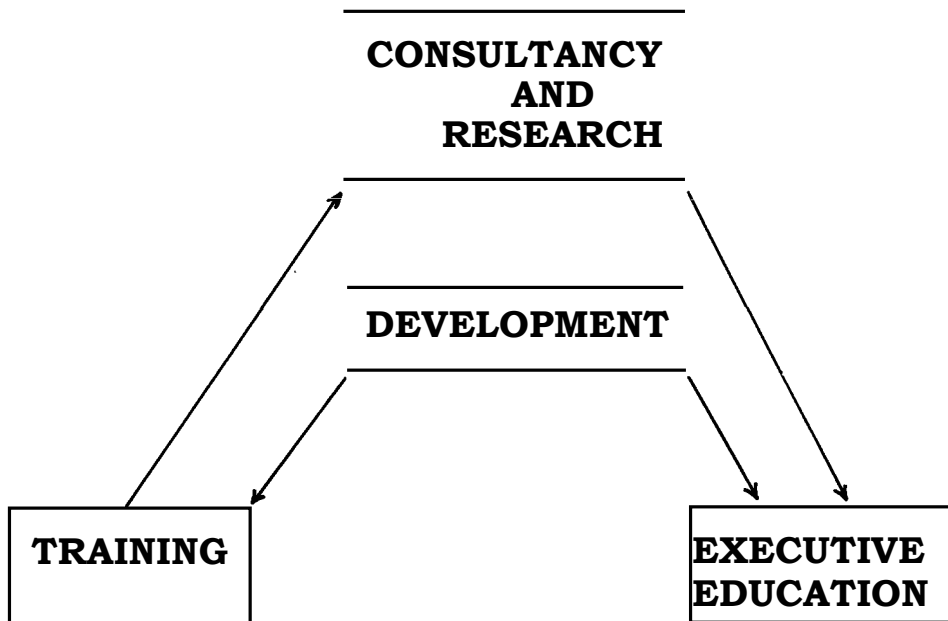
The inter-relatedness of the above-mentioned elements is shown in figure III. The figure emphasizes the overlap between the different activities which is needed for effectiveness of the institutions and the client systems. It is important that these activities be so organized that they closely interact with each other, and are not separated through traditional vertical hard boundaries. A matrix form of organization enabling multi-roles around consultancy projects, clients requirements, research studies, training programs, and executive education programs would be desirable. The leadership and responsibility for results in each area has to be entrusted to competent and skillful people who can work as a team. It is important to emphasize synergy and innovativeness in each of these activities through mutual interaction. Flexibility in the internal structure of the center enabling close interaction of colleagues through temporary teams for client system requirements and other programs, and capability to anticipate and meet the external changing requirements would be helpful in promoting effectiveness and excellence.

## **7. International Business**

The idea of International Business Development Centers has already been discussed by Cellich. He has described the purpose, orientation and approach for such a center. I would like to submit a few more points in this connection.

Since international business requires managers to work across different cultures, it may be worthwhile to develop short modules or courses which may enable them to function and relate more effectively in the business partner countries. As we all know, some familiarity with the language of the country is also very helpful.

Another area worthy of consideration for training is negotiating skills across cultures. Some useful literature based on experience of successful



negotiators and analysis of cultures for international business is now available.

In order to develop effective business linkages with other countries, one method is to develop inter-institutional contacts and faculty exchange programs between business schools, and to hold joint seminars and conferences on subjects of mutual interest with their sponsorship in which professional managers and businessmen of different countries may participate.

The European Foundation of Management Development is following this strategy for developing professional and business linkages within the European Community as well as with the other countries.

### **8. Overall Strategy of the IIU Management Center**

The IIU Management Center's effectiveness will be judged by the impact it will make in improving the effectiveness, performance, and competitiveness of its client organizations through its various activities, and the extent to which it will influence the larger systems in further improving Malaysia's business and international trade.

Keeping this frame of reference, it may be relevant to examine the strategy of the center in relation to the overall system of Malaysia's international trade, consisting of business and industry, trade promotion agencies, exporters and importers, multinationals, transnationals, and other strategic alliances, government and other agencies having a role in improving Malaysia's international business.

By addressing only one or few elements in the system, it may not be possible to bring about meaningful change in a large, complex inter-dependent system. Therefore, the IIU Management Center may like to develop an overall systems approach in its strategy of change for the effectiveness and competitiveness in international trade, if that is chosen as the primary focus of the IIU Management Center. A mapping of the various components in this macro-system, and their interdependence in influencing Malaysia's international trade will be required for this purpose, followed by identification of key decision-makers in each system to bring' them together to deliberate on common problem areas, and to enlist their support in diagnosing and introducing change at the micro level.

In order to play a strategic role in Malaysia's international business, it will be necessary to develop a clear and shared vision for the future of the IIU Management Center, a well-thought-out mission stating the purpose and objectives that the center aims to achieve, and the specific targets within this framework that it lays down for a given time span. It' would be advisable to choose specific, manageable, and high leverage segments as the target client system, compatible with the capabilities and resources of the IIU Management Center, in order to have a concentrated focus and impact, rather than dissipating its energies and resources on widely dispersed areas of activities.

Through such selective emphasis, the IIU Management Center will be able to carve out for itself a distinctive niche and character, through which it can achieve excellence. Through its combined, multi-disciplinary, synergistic teams from its Education, Training, Consultancy, and Research wings it can make an impact on professionalizing business and industry, and it can facilitate the process of further improving the competitiveness of

Malaysia's international business by making large system interventions such as holding meetings, conferences, workshops, and seminars for relevant decision-making bodies.

## **CONCLUSION**

Training may be viewed as one of the instrumentalities of introducing change for developing managerial and organizational effectiveness that the IIU Management Center can utilize for achieving its overall objectives of promoting excellence in Malaysian business and industry, and enhancing their competitive ability in international business would be more relevant, in which the center can play an important role through various activities and planned interventions.

Executive education, training, consultancy, and research may be viewed as inter-dependent and inter-related activities which may interact synergistically with flexible internal matrix organization and team approach. In addition to these the center may influence the larger system of Malaysian international business by organizing conferences, seminars, workshops and meetings of key decision makers, and enlist their support for introducing change through training and other activities.

The objective of all the activities of the center is development of the potential of the individuals, teams and organizations to imaginatively manage the rapidly changing and highly competitive international business environment. Training is to be seen as one of the key elements in this process.

For making training more effective in improving performance, organizational preparedness and support for change are necessary. Therefore, various strategies are needed to ensure transfer of learning in the work situation, including team development and organization development. In addition to action-oriented strategy of training, emphasis on Person development-oriented and Organization development-oriented strategies would be desirable.

Participative methods of training are no doubt more effective, but various other training methods may be utilized for specific purposes. The commitment of the institution, and motivation and skill of trainers to utilize the participative methods are essential. Developing the trainers as change facilitators will be required for meeting the center's objectives. Developing skill of teaching through cases, writing cases, and developing local case studies is vital for the long-term effectiveness of the center. Similarly, concentration on research right from the beginning is necessary.

The articulation of a clear and shared strategic vision for the IIU Management Center, carefully spelt-out mission, objectives, and targets focusing on selective high leverage segments compatible with the capabilities and resources of the center would enable the center to carve a niche and distinctive character, through which it can make an impact and achieve higher levels of excellence.

# COMMENT ON "TRAINING TRAINERS IN INTERNATIONAL BUSINESS" BY CELLICH

Abdul Aziz

A new wave of industrialization is moving East. Pacific rim countries with Japan as the leader, oil rich countries of the Gulf and some less developed countries with large populations and low labor costs are racing towards technical advancement and economic development. These countries may differ from each other in various ways such as the level of technical advancement, population, geography and ethnicity but share a common goal of a well-trained workforce. Therefore, training as a management function and "trainers" as change agents will have a crucial role in the next decade.

The need for training for such countries that have a potential to advance technologically and economically may include traditional areas such as technical and managerial skills. However, in a changing world some non-traditional areas in which workforce will need training cannot be ignored. The experience in the Western cultures has shown that ethics, entrepreneurship, diversity and globalization are as important factors in productivity and quality output as job skills.

Today's organizations, both in developed and developing countries, have an increasingly- diversified workforce. In many countries, the diversity in population is now beginning to reflect in the workforce due to a greater participation of various segments of the society. For example, the workforce in U.S.A., more than ever before, is now composed of women, Hispanics, blacks and immigrants from all over the world. Expatriate employees in Persian Gulf and racial, religious groups in other countries such as Malaysia now form a significant proportion of the workforce. A line supervisor may have a group of subordinates which is multi-racial,

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Dr. Abdul Aziz is Associate Professor, School of Business and Economics, College of Charleston, U.S.A.

multi-lingual and multi-religious. therefore, the supervisor who is expected to train workers on-the-job may himself or herself need training in managing a diverse group of employees. The techniques that may prove more useful in supervisory training under such conditions may include role-plays that can help correct an employee's perception of others.

Work ethics has emerged as one of the serious and yet difficult problems in Western and more specifically American organizations. However, Eastern cultures may avoid these problems by designing preventive policies and training employees in how to conduct business ethically. Traditional and religious values may be emphasized by trainers in the process of enforcing a code of conduct.

Both countries with and without natural resources may be able to accelerate economic growth and technological advancement by training individuals and motivating them to become entrepreneurs. Larger corporations may be the cornerstones of strong economies, but industrial growth has to encompass small business organizations which traditionally create more jobs. Training in, risk-taking, realization of opportunity, resource awareness, survival and growth strategies may be crucial in encouraging a broad-based economic growth.

Advances in telecommunication, international travel and transfer of technology have quickly eroded the myopic view of a national economy. It is predicted that developing countries will continue to provide more educated workforce to Western organizations in their perspective. Even a small manufacturing facility in any part of the world may find itself competing in a global marketplace. Therefore, to broaden the outlook of a production worker will become necessary.

Trainers may thus need to focus their attention beyond job skills and be prepared to teach employees more than simply how to perform a job.

## **COMMENT ON "TRAINING TRAINERS IN INTERNATIONAL BUSINESS" BY CELLICH**

Syed Kamarulzaman Syed Kabeer

Cellichs' paper gives a very good overview of how trainers can be trained in international business with particular reference to the experiences gathered by the writer in conducting programs for the International Training Center of UNCTAD/GATT. Although the emphasis is in the area of international business, in particular, and business in general, the points made regarding the needs for trainers to develop new skills and expertise and assume other roles and competencies are relevant even in other environments such as governmental and non-profit organisations.

Trainers would have to develop into hybrid experts since there are many skills and competencies that they would require to fulfill many roles that are required of them. The American Society for Training Development (ASTD) has identified 15 key training development roles of a trainer. These competencies are as follows.

- Evaluator - The role of identifying the extent of a program, service, or product's impact.
- Group facilitator - The role of managing group discussions and group process so that individuals learn and group members feel the experience is positive.
- Individual development counsellor - The role of preparing written learning and instructional materials.
- Instructional writer - The role of preparing written learning and instructional materials.

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Tuan Haji Syed Kamarulzaman Syed Kabeer is Rector, Sultan Ahmad Shah Training Institute (ILSA), Malaysia.



- \* Instructor - The role of presenting information and directing structured learning experiences so that individuals learn.
- \* Manager of training and development - The role of planning, organizing, staffing and controlling training and development operations or training and development projects and of linking training and development operations with other organization units.

Marketer - The role of selling training and development viewpoints, learning packages, programs, and service to target audiences outside one's work unit.

- \* Media specialists - The role of producing software for using audio visual, computer, and other hardware - based technologies for training and development.

Needs analyst - The role of defining gaps between ideals and actual performance and specifying the cause of the gaps.

- \* Program administrator - The role ensuring that the facilities, equipment, materials, participant, and other components of a learning event are present and that program logistics run smoothly.
- \* Program designer - The role of preparing objectives, defining content, and selecting and sequencing activities for a specific program.
- \* Strategist - The role of developing long - range plans for training and development structure, organization, direction, policies, programs, services, and development mission.
- \* Task analyst - The role of identifying activities, tasks, sub-tasks, and human resource and support requirements necessary to accomplish specific results in a job or organization.
- \* Theoretician - The role of developing and testing theories of learning, training and development.
- \* Transfer agent - The role of helping individuals apply learning after the learning experience.

Further, the roles that are required for any particular trainer would depend on his particular area of expertise and the training institution's emphasis and requirements.

I support the idea that the training institutions would have to operate more like businesses. Currently, training institutions are looked upon as cost-centers where very little accounting is done in terms of cost-benefit of training and development activities. There is a need for training institutions to operate like profit development activities. There is also a need for training institutions to see training institutions as being implementers of strategies vital to the business of the parent organization. The profit center approach, however, means that training outcomes would have to be measured in terms of dollars and cents and other financial ratios. It would be interesting to know what measurements are being used by ITC to measure the effectiveness of its training functions.

Client support is definitely an area of great concern for training institutions within larger organizations or operating independently. The courses being offered and the trainers themselves have to possess credibility to ensure clients of the quality of courses. The support of clients is also very important in the area of curriculum development where subject matter experts are normally drawn from staff working in the field facing the real problems.

Training centers have to content with the problems of trainers' turnover. This is seen in the area of technical training and I would imagine training in international business too. How does the ITC overcome this problem? Has the use of training incentives for those trainers recruited from the line functions being considered? Is there a scheme of profit-sharing to motivate trainers to remain in the training functions?

The use of part-time trainers is definitely one way of providing practical input to any training institutions. However, problems can arise in terms of coordinating their attendance at training courses due to their tight work schedules.

Some organizations have implemented the following to attract more part-time trainers.

- a) Training allowances are given.
- b) Part-time training work is viewed as meritorious and taken into account for promotions and/or salary increments.

Adult method of training is definitely one way to ensure learning for adult trainees. Trainers would need facilitating skills to obtain a synergy of experiences and the learning outcomes obtained would be beneficial for the trainers and trainees. New training technologies are presently available such as computer-based training (CBT) and the use of artificial intelligence and experts system especially for guiding entrepreneurs and businessmen in making the right decisions and choices when faced with new and difficult problems.

It would be good for training institutions, in particular the business institutions, to include courses on business ethics, management values and principles based on leadership. This would ensure that the trainers and trainees have a sound foundation in terms of the values and principles which would guide them in performing their work honestly and effectively.

How is the effectiveness of the training programs measured and evaluated by the ITC? This point has not been dealt with in-depth. Evaluation is important to be implemented carefully and professionally. It is costly but it helps to justify costs and benefits of training and also gain acceptance from clients for future programs when results are demonstrable.

# FLOOR DISCUSSION OF THE CELLICH PAPER

Mirza S. Saiyadain

Following brief introductory remarks by the chairman of the session, Cellich presented his paper. He emphasized the following points.

Training of trainers should be done in the institutional framework. It should not be a one-shot attempt.

- Staff members should not only be trained continuously but should also have a career development so that they could use the training in reality.
- Trainers should work jointly with the end-users (IIU Management Center and clients) to make training relevant to the needs of clients. The best way is to have a core of training managers who understand business and its needs and have conducted training need surveys.
- Businessmen who could be trained to "teach" are the best people to train.
- IIU Management Center should have a network of local trainers who know local realities.
- Teaching technology has to be a mix of various methodologies. Lecture method is not the answer. Training sessions should be more interactive and experiential.
- Trainer is a resource person and student is a participant in training session.

Most business problems are problems of people and training could help. But all problems cannot be solved by training. Hence, training should not be seen as cure for every problem.

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The session was chaired by Dr. Abdul Aziz, Associate Professor, School of Business and Economics, College of Charleston, USA.

Dr. Mirza S. Saiyadain is Professor, School of Management, Universiti Sains Malaysia, Penang.

- \* Training needs and people who would profit most from training must be identified. Curriculum should be designed according to the needs rather than what is available.
- \* Perhaps one of the most difficult tasks of trainer is to define the objectives of training, which is what the end-users would look and decide whether to attend or not to attend the training program. Objectives should be defined in consultation with the clients.
- \* Having identified the training objectives, there is a need to go back to clients to develop training contents and course material.
- \* In most situations, case methodology should be used. Cases should be short and locally relevant.
- \* Trainers must be trained in consultancy as well as in resource management. However, trainers are most difficult to train. They start with the assumption that trainers know every thing.
- \* Manuals for trainers must be consulted.

Cellich shared the ITC experience in organizing training programs for the benefit of trainers in various parts of the world.

Abad Ahmad made detailed comments on the Cellich paper. He highlighted the following points.

- \* IIU Management Center should organize seminars and conferences for key decision makers in the corporate world.
- \* Training and development are too different things. Training is job-specific, while development should be seen as part of individual's growth for effective performance of present and future jobs.  
A trainer should have multiple roles as change agent, consultant, helper, and researcher. Hence, he/she should be selected carefully.
- \* Trainers should be trained in identifying suitable methodologies for training.
- \* IIU Management Center should be organized as matrix organization rather than a collection of independent units.

Syed Kamarulzaman focused sharply on the following points in his comment.

- Most management programs are developmental type, but not suitable to solve actual problems on the job.
- Organizations are concerned about the cost-effectiveness of training programs.
- Academic institutions tend to organize programs that are theoretical. He advised the IIU Management Center to adopt a practical approach.
- Trainers are role models. The center should assess what kind of personality and ethical attitudes are needed on the part of a trainer.
- In Malaysia, Islam has a great role in society. The center has to be different. It must develop solid expertise in Islamic management.

Abdul Gafoor Khan in his comment on the Cellich paper made it clear that a practical approach in training always helps. He emphasised the following points.

There is a pressing need to be sensitive to the realities of the practitioners' world.

- On-the-job training is desirable. Moreover, training should help develop flat multi- skilled managers.
- Different techniques are needed for organizing training programs for new organizations. Training for established organizations, on the other hand, requires a different approach.
- Islamic principles should guide training principles in a country like Malaysia.

Participants from a cross-section of organizations appreciated the Cellich paper and urged the IIU Management Center is strive hard to attain the avowed objectives of excellence and effectiveness in all its training programs.



# **EXECUTIVE ,EDUCATION AT THE IIU MANAGEMENT CENTER : SOME REFLECTIONS**

Syed Aziz Anwar

The IIU Management Center is expected to design a portfolio of executive programs, including an MBA program and a range of shorter, specialized courses designed in response to the needs of a cross-section of organizations in Malaysia and elsewhere in developing countries. This paper presents a design of executive education at the IIU Management Center. It has two parts. The first part provides some reflections on executive education in both developed and developing countries. These reflections provide a sense of direction for the author to suggest (in the second part) how the IIU Management Center should face executive development needs in developing countries, including Malaysia.

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**Dr. Syed Aziz Anwar is Associate Professor, and Head Department of Business Administration, International Islamic University, Malaysia.**



## **I. EXECUTIVE EDUCATION : SOME REFLECTIONS**

In terms of size, organization, professional standards, and cultural and linguistic complexities the institutions providing education to executives in various parts of the world represent a curiously fascinating and perplexing mosaic. There are all sorts of institutions ranging from well-established multi-campus universities to infant institutions that offer executive education. Eminent business schools in developed countries have been able successfully to establish excellent libraries, computer support, research, consultancy and advisory units and of course a clear competitive edge with the help of highly skilled business faculty. On the other hand, hundreds of institutions of higher learning in developing countries imitate, to some extent, the Western prototype in executive education. Moreover, there are cases where executive education is offered in an embryonic form. Evidently, a large number of policy makers in developing countries hardly appreciate that executive education merits the attention that the West gives it. This trend is likely to change in the 1990s, however.

The current decade heralds a new and challenging era for managers: markets are changing with startling rapidity, certain sectors are shrinking while others are expanding, competition is intensifying, and technology is attaining commanding heights in business. This means that managers have to think of innovative ways of responding to these challenges.

A number of developing countries, most notably the East Asian nations have been making unflinching efforts to accelerate the pace of economic growth with the aid of open trade regimes, technology transfers, contemporary management techniques used in industrial countries, new educational standards that are internationally comparable, and new societal values.

It is a popular perception in these countries that protected business schools may cultivate substandard executive education. Therefore, many countries in the Asian-Pacific region have already started collaborating with eminent Western business schools to bring their executive education

in line with the professional standards existing in industrial countries. This is a healthy development indeed.

True, business schools anywhere in the world cannot afford to neglect globalization of business that is taking place with astonishing speed. This kind of scenario asks for new managerial skills and adaptation of values. Of supreme significance is the ability to respond decisively and effectively to challenges of international competition. Executive education based on international thinking can certainly prove fruitful in meeting the business challenges of our times. Following the publication of (a) *A Nation at Risk : The Imperative for Educational Reform (1982)*, (b) *America's Competitive Challenge : The Need for a National Response (1983)*, and (c) *Critical Needs in International Education: 'Recommendation for Action (1983)*, a large number of business schools, public policy makers, consultants (change agents), and business organizations in the United States have taken steps to improve executive education with a view to effectively meeting the challenges in international markets. Some evidence at hand suggests that other industrial countries and the newly industrializing countries (NICs), among others, have significantly increased their commitment in executive education.

The World Executive Digest invited some eminent corporate executives, academics and MBA graduates from around the Asian-Pacific region in March 1992 to share their views on business education. Some of their suggestions are as follows.

Business schools should tailor their programs in such a way that employers' needs are met effectively.

There should always be an active interaction between business schools and corporate organizations.

In view of the fact that businesses in the Asia-Pacific region are now acquiring an international flavor (whether they are buying raw materials, obtaining finance or selling their products), it is desirable for business

schools to adopt global business orientation within their programs.

A 'good' business school should not attempt to make a quick buck by offering soft programs. 'In-company MBA', 'Tailored MBA', 'Consortium

MBA', and 'Modular MBA' should provide students with a comprehensive, rigorous exposure to good quality management education. The business schools must be prepared to offer 'first- class client services to students and employers'.

It is thus clear that the stage is open. The IIU Management Center must intensify the preparation for competitive game in the area of executive education in recognition of the changing times. It has to recognize and appreciate that both individual managers and their organizations need to be continually learning with a view to sustaining and improving performance.

Certain traits should distinguish the center's executive programs from all others. First, like any other eminent business school, the center should uphold a sound ethical value system in all its programs. Second, it should consider itself to be in a partnership with sponsoring organizations and seek to work closely with the public and private sectors to match a given participant with the program most suited to his/her needs.

Executive education at IIU Management Center should take a special approach to learning and personality development, giving a high priority to practical learning. In fact, executives learn best when they are exposed to real life situations. The center should encourage case method to make sure that learning is based on useful knowledge, with practical business applications. Indeed, a range of other active learning techniques such as computer simulations, group discussions, role playing, and negotiation exercises should also be used to provide state-of-the-art knowledge to participants in the executive development programs (EDPs).

The center should plan to test the merit of the concept of peer-group learning in its programs. Lessons of experience from EDPs conducted by eminent business schools in several countries of the world seem to suggest that managers can often learn best from each other. The center should provide a useful platform for Muslim executives among others to share their experiences and bring their styles in line with Islamic management philosophy and ethics.

The following programs are indeed a unique resource for business organizations. The IIU Management Center should stand committed to

them as they are an integral part of its educational and professional activities.

## HOW IIU MANAGEMENT CENTER SHOULD SEGMENT ITS PROGRAMS

Executive MBA

Senior executives

10 - 30 years' experience in large companies (\$50 million in sales)

Middle-level executives

10 - 20 years' experience in large companies

Owners/presidents of small companies

Post-graduate diplomas

- Accounting
- General Management
- Marketing Management
- Islamic Banking and Finance -
- Information Technology
- Computer Literacy

Graduates seeking career progression in management

This is in line with Harvard Business School's strategy.

International seminars

Government officials  
Public systems Managers  
Corporate executives  
Mediamen  
Others

International participants

International Seminars in  
Collaboration with UN  
Agencies, regional  
Organizations and  
Islamic organizations

Professionals  
Others

International  
Participants

Executive Development  
Programs

(Need - based)

A range of programs in strategic and  
functional areas of management

Executives seeking  
career progression  
in business

## **II. EXECUTIVE MBA PROGRAM**

The post-experience Master of Business Administration (MBA) program of International Islamic University (IIU) is designed for individuals from a cross-section of organizations, who have had a minimum of two years' experience in a managerial position. The men and women attending the program should provide evidence of considerable career progression. They should also have the potential to assume senior executive responsibilities. The qualifications and organizational achievements of the applicants will be considered by the admissions committee formed according to the rules and regulations of the university. The executive MBA, as it is quite often called, will be a two-year, part time program.

### **The IIU Approach**

The design of the post-experience MBA program follows logically from the philosophy of the IIU. Its main features are as follows.

- \* Participants in the program acquire knowledge, skills and expertise through a practical approach to learning supported by a sound framework of the Islamic business concepts.
- \* The program is actionoriented.
- \* The program is based on a general interdisciplinary framework rather than a narrow or functional approach.
- \* The program is likely to lead to management development and bridge the gap between individual and organizational development.

### **Learning Resources**

Practising managers tend to prefer a practical approach in learning sessions. Thus, action- oriented project work, video films, computer games, role-plays, and case studies are likely to complement the more formal inputs during the sessions of the program.

Each participant in the MBA program will have access to the main learning resources -- the library, computer labs, Kulliyah data bank, case development center and study areas.

### **The MBA Advisory Board**

With a view to supporting and enhancing the Islamic and senior management focus of the program, an advisory board consisting of eminent professors, top government officials, and prominent business executives may be appointed. Experts from other countries may also be included in the board.

### **Resource Faculty**

The Kulliyah of Economics and Management is equipped professionally to organize the post-experience MBA program. However, in order to enrich the practical contents of the program, senior executives and business management consultants of international repute will be invited to address the participants. Few senior level appointments may also be made to strengthen the faculty.

### **The modules**

The modules focus on the conceptual frameworks, analytical tools, and techniques required of a senior business executive. In the first semester of the program, it will be compulsory for the participants to study the following subjects.

### **Business Environment**

Today's business environment is both turbulent and complex. The business environment syllabus addresses issues in the contemporary business environment that have to be considered and analyzed in strategic thinking.

### **Information Technology**

This module focuses on a range of analytical tools and quantitative techniques that can be used to improve business effectiveness.

### **Islamic Management Concepts**

The syllabus includes modern management concepts. The module will be used to explore the usefulness of Islamic value system in a modern business organization.

### **Quantitative Methods**

The module will help participants gain deep insights into the quantitative methods that are invaluable for decision making.

### **Organization Behavior**

This course will focus on behavioral sciences in interaction with managerial roles.

### **Business Economics**

The syllabus will include applied aspects of economics that are useful for decision making.

In the second semester, the participants will study the following subjects.

### **Human Resource Management**

This syllabus will focus on the dynamics of organizations and the development and assessment of the skills necessary to improve the performance of personnel within the organizations.

### **Finance and Accounting**

The module will consider the wider role of finance in modern business, showing how financial decisions are made and how financial performance can be improved.

### **Marketing Management**

The marketing module will provide the participants with a full understanding of marketing mix policies and strategies.



## **Operations Research**

The module will explain the role of operations research in a cross-section of organizations. The focus will be on operations research principles, techniques and practices.

## **Business and Society**

This module will examine and analyze the interactions of a business organization with stakeholders in the society. The main focus will be on business ethics in the light of Islamic values.

## **Business Law**

The syllabus will focus on the regulatory framework for business organizations in Malaysia.

In the third semester, it will be compulsory for students to participate in the following two modules.

## **Strategic Management**

This syllabus will look at the way in which companies create synergistic and competitive advantages. The module will be based almost totally on case studies.

## **Project Management**

The syllabus will provide the knowledge and understanding essential for doing project studies.

In the penultimate semester, the participants will have to opt for four more subjects depending upon their interests. The participants could choose subjects from functional areas for specialisation. In the final semester, the participants will be required to complete a project report based on field work under the guidance of a faculty member of the Kulliyah of Economics and Management. The project will be a live issue for the participant's sponsoring organization. The issue or research problem chosen by the participant should be of strategic importance to the sponsoring organization.

In addition to the major research project, the participants will have to complete small reports and case studies.

Formal contact hours in the modules will be 30 hours per course.  
Sessions will take place on Saturdays and Sundays.

Modules will be designed keeping in view the needs of organizations.

### **III. EXECUTIVE DEVELOPMENT PROGRAMS (EDPs) .**

In addition to degree and diploma programs, the IIU Management Center should offer a range of open, specialized, and tailored courses to develop the knowledge and skills of managers. This is a challenging task indeed. The center will have to work very closely with client organisations to develop exactly the style and content of executive education which will best meet their avowed objectives. The center should be prepared to design specialized programs in response to the growing demand for short updates in topical areas of management like quality management, information technology, and project management. Such programs are of course invaluable to meet the needs of those managers who are suddenly given new responsibilities within the organization. The center's tailored programs can focus specifically on live issues facing a particular organization. A review of evidence pertaining to tailored programs suggests that the structure, content, duration, participant mix, and pedagogical tools vary according to the needs of each client organization.

The center must take initiative to promote scholarly exchanges and to form fruitful alliance with organizations and institutions of higher learning overseas. It will be in the interest of the center to find new and creative ways to raise the general awareness of its programs in various countries of the world. True, the success of the center, in the long-run, will depend to a great extent on its ability to respond effectively to the emerging educational needs of business organizations in Muslim countries.

Finally, a word of caution. I have no pretensions to have explained the entire mechanics and dynamics of executive education in this paper. However, I modestly hope, the paper will be of interest to decision makers.

# COMMENT ON "EXECUTIVE EDUCATION AT IIU MANAGEMENT CENTER" BY ANWAR

Jarjisu Sa-Aadu

This paper Submitted by Anwar articulates the design of executive education at the IIU Management Center. The paper starts by first providing some perspectives on the state of executive education in both developed and developing countries. The author concludes that while executive education in developing countries lags behind that in developed countries, a number of Asian countries are starting to seriously address the need for executive education. A few, including IIU, have already started their own programs or are about to do so. The paper is well-written and makes very interesting and important observations concerning the role of executive education in today's global economy. It is a very timely article that offers a very clear road map which should lead to a successful executive education program at IIU. Obviously, the author has invested considerable amount of time in this effort and the quality of paper clearly attests to this fact. Nevertheless, I have the following comments and suggestions.

1. The author notes that many institutions of higher learning in developing countries are imitating Western prototype of executive education. However, this observation is not developed further. For example to what extent should developing countries seek to imitate the Western conception of executive education? I think this is an important question because what works in America, Great Britain or Germany might not work in Malaysia, or the Asian countries. Indeed, we do know that management styles in Japan are different from that pursued in the United States or the United Kingdom. However, this is not to say that we should not learn from other countries. Indeed what I am arguing is that we adopt those aspects of business practices that are consistent with our culture and religion.

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Dr. Jarjisu Sa-Aadu is Associate Professor and Chairman, Department of Finance, College of Business Administration, University of Iowa, U.S.A.

2. In this context, I would encourage the author to put special emphasis on development of executive education programs primarily for Islamic countries. Of course, I do realize that this is an area that is at the heart of the mission of IIU Management Center, so I will not belabor the point. But I would like to see this issue explored in a little more detail.
3. If a large number of policy makers in developing countries do not really see the value in executive education, what is the role of universities in developing countries (for example IIU) in changing these attitudes. How should the universities in developing countries go about attaining their objective, once this role is defined? In this context, I see the steps being taken by IIU as being very positive, and this paper offers a very useful contribution along this dimension. I believe, institutions of higher learning in developing countries must be the catalyst for change. Indeed, if this wrong attitude harbored by policy makers is corrected very quickly, developing countries stand the chance of avoiding the sort of mistakes made by developed countries several decades ago on the need for executive education. I think the paper needs to stress this point.
4. I agree that it is a healthy development to bring executive education in developing countries in line with those in industrialized countries. However, the center should also seek to develop a niche market for itself (niche marketing is the way to go these days). It will be very useful if the center can concentrate on developing some programs that are unique to Malaysian economy in particular and the economy of South-East Asian countries in general. For example, programs in global competition and human resources managements as they relate to Asian economies are important first steps. Other areas will be the installation of technology transferred from Western countries in South-East Asia and joint ventures between Western and Asian countries.
5. The paper does an excellent job outlining the features of the IIU program. The author may want to consider adding a section that sets out in a very clear and precise manner the specific objectives of the program. Executive education has become fiercely competitive and having a set of objectives will help the program survive.

The overriding goal of executive education is to produce generalists and in some cases specialists with knowledge and skills necessary to fill leadership roles in financial, industrial, governmental and not-for-profit institutions. Within this overall goal, some specific objectives can be stated as follows.

- Stimulate interest in continued self-development and the executive education.

Develop and implement management practices that are consistent with the cardinal principles of Islam.

- Broaden perspective of the challenges and opportunities in the changing business environment.
- Develop frameworks and techniques for implementing effective organization change.
- Enhance analytical capabilities of participants to diagnose problems more effectively.
- Enhance the ability to make the transition from the role of a functional manager to senior-level management.
- Review current research findings in the functional management and behavioral science areas, with emphasis on how they apply to organizations.
- Use real cases and scenarios of critical business issues to facilitate understanding of effective management strategies.

6. I find the outline of the program given by the author to be quite comprehensive and very sensible. The outline clearly suggests that an Executive MBA is not a refresher course in basic skills. Thus, it should be emphasized that it is an in-depth, mid-career educational experience for successful employees with potential for growth.

7. I also like very much the outline of the courses under the executive MBA program. I have a few suggestions here. Think of the whole curriculum in the following manner.

(a) **Foundation courses:** these courses will summarize the fundamental

concepts and tools of modern business management in a particular functional area or discipline.

**b) Core Courses:** these will be courses that allow students to pursue in depth the business functions and their interrelationships.

**c) Advanced Elective Courses:** specifically designed for students in the second year to permit flexibility in the program.

8. Course in international business and diversity. You may want to consider offering a course in international business/finance. We must educate business leaders so they can effectively manage the creative tensions brought about by globalization. One of the keys to managing a global enterprise is optimizing diversity, i.e. diversity with regard to religion, sex, culture, race, ethnicity, etc.

9. With regard to the Executive Development Program, the program could be organized around the following interrelated themes.

**a. Development of Business Plan:** participants will study all functional areas of an organization and how they impact the firm's overall objectives.

**b. The Leadership Factor:** participants will examine leadership styles and how executive behavior affects coworkers, especially junior workers.

**c. Strategic Decision Making:** students may participate in simulation games to make appropriate decisions on future growth of the firm, establish key objectives and formulate strategies for achieving these objectives.

**d. External Environmental Issues:** how does international development such as the break-up of Soviet Union or the unification of Europe affect businesses. Other issues include inflation, interest rates, trade agreement, (NAFTA), fiscal and monetary, policies.

**e. Human Resources:** human resources needs (today and tomorrow) are examined. These include human capital development, employee involvement in decision making, total quality management (TQM), bench-marking, the relationship between organizational stress and productivity, etc.

10. One of the most durable assets in the world is real estate. Currently, 55% of all world wealth is classified as real estate (housing, commercial properties, farm real estate, etc). Moreover, real estate is a user of both debt capital as well as equity capital. Unfortunately, most business schools and executive education programs in particular, do not give enough attention to this asset class. I believe, the IIU Management Center, through its executive education program, can provide leadership role in this area. One specific issue where programs are needed is the design of alternative mortgage instruments for the financing of real estate. Here, particular emphasis should be placed on design of financing instruments that are consistent with Islamic principles and traditions. Other issues around which programs could be established include real estate investment strategies (including portfolio considerations), real estate valuation and pricing, real estate management practices, and the establishment of banking institutions that support real estate industry.

Finally, let me state that I have thoroughly enjoyed reading this paper. In fact, I learned a lot from reading the paper. So thank you very much for giving me the opportunity to review this paper. It is a very good paper. I totally support the concept of executive education articulated in the paper. For those of you who have not yet read the paper, I will encourage you to do so immediately.



## FLOOR DISCUSSION ON THE ANWAR PAPER

Husnayati Hussin

At the outset, Syed Aziz Anwar made it clear that his paper was meant to initiate a meaningful discussion on executive education at the IIU Management Center. He said eminent business schools in developed countries have been successful in establishing excellent libraries, computer support, research, consultancy and advisory units and of course a clear competitive edge with the help of highly skilled faculty. He said there are lessons to be learnt from good business schools in the West. He argued that executive education at IIU Management Center should be anchored in Islamic philosophy and ethics. He said excellent physical facilities and outstanding faculty should be available at the center to respond effectively to the needs of IIU's clientele.

Jarjis Sa-Aadu (discussant) said the paper makes very interesting and important observations concerning the role of executive education in the global economy. However, he argued that we should adopt those aspects of business practices that are consistent with our culture and religion.

Abdul Wahab (discussant) shared the experience of Institute of Business Administration, University of Karachi, Pakistan. He favored a client-oriented approach in designing executive development programs (EDPs). He advised the center to establish close ties with large multinationals operating in Malaysia.

Wan Mohammad Ghazali (discussant) explained the emerging business scenario in Malaysia. He appreciated the need to have a management center that is Islamic and international. He felt that the center should be technically equipped to respond to the growing needs of the manufacturing

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The session was chaired by Dr. Syed Abdul Hamid Al-Junaid, Dean, Kulliyah of Economics and Management, International Islamic University, Malaysia.

Husnayati Hussin is Assistant Professor, Department of Business Administration, Kulliyah of Economics & Management, International Islamic University, Malaysia.

sector of the Malaysian economy. We have an obligation to lean toward Muslim organizations, he said.

Muhammad Al-Buraey said that he was struck by the apparent conflict between the emerging perception of executive education and what was stated earlier by the Task Force on Islamic Management Center. He urged the participants to refer to Holy Quran and Sunnah for guidance on administration and management.

Hatem El-Karanshawy endorsed the design of executive education in Anwar's paper. He favored a pragmatic approach in designing various EDPs.

Mohamed Iqbal felt the center would have to prove its worth in the marketplace. He said the success of the center would depend, to a large extent, on its ability to design practical strategies.

The chairman agreed that the paper raised important issues for executive education and concluded the session.

# MANAGEMENT RESEARCH AND DISSEMINATION OF RESEARCH FINDINGS

Mohamed Ariff

The purpose of this paper is to initiate a discussion on (a) management research, (b) dissemination of management research findings, and (c) a strategic plan for the IIU Management Center to achieve these objectives. It is hoped that the experts at this meeting will engage in refining the ideas contained here into coherent terms of reference and sound recommendations. In writing this paper, I have strived to incorporate criteria of good research, including originality, comprehensiveness, appropriateness for the IIU constituency, periodic review and consultation-in-collaboration as well as inter-working with existing centers of excellence. These principles are explained at appropriate places in the paper.

Areas of management research are identified by reference to current areas emphasized by acknowledged centers of knowledge in different parts of the world, and also by asking the question as to what research areas are immediately relevant to IIU's constituency. Broadly speaking, IIU should focus on seven areas of research that appear to be strategically important because of immediate relevance of knowledge, strategic payoff for, and perceived needs of its constituency. These are : the generally-agreed disciplines (accounting, economics, etc.) in business management; middle-level professional management; public sector management, distribution management in Muslim countries; management of financial relations especially within the spectrum of Islamic ethics; and management of primary producer enterprises. Experts at this meeting may add more areas of management research as they may consider appropriate.

On the question of dissemination of findings of management research, the paper advocates a practical approach. First, IIU should network with

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**Dr. Mohamed Ariff is currently holding a visiting appointment at the Faculty of Economics and Commerce, University of Melbourne, Australia.**

centers of excellence in the areas of research that are identified as critically relevant. Second, with the collaboration of leading expert(s) therein, it should initiate research activities: such activities must incorporate joint-project schedules and pass the test of relevance to IIU's constituency. Judiciously managed, this should lead to (i) transfer of knowledge to IIU, (ii) establishing databases for research, training, and teaching and, (iii) incorporating the Islamization principle, where appropriate, into the knowledge bases acquired for dissemination.

The strategic activities for dissemination are identified in a strategic plan for the center. The strategic plan for the IIU Management Center to conduct and disseminate knowledge is based on first upgrading the center in a few years to an institute with broader terms of reference. This is essential as centers of excellence always prefer to work with high-profile outfits. The appropriate organisation, mission statement and terms of reference of the center are described next. Recommendations on research and its dissemination are then listed.

## **Definition and Objectives**

### **Management Research Defined**

The word manage is defined in Webster's Dictionary as "To control and direct ... to conduct, carry on, guide and administer a concern or business". Management research findings, therefore, form a body of received knowledge, at a point in time, relating to the control, direction and guidance for the administration of concern or business. Business is broadly defined to include public, private and cooperative enterprises in an economy. The three forms of enterprises constitute the clients of the proposed IIU Management Center; there is in addition a fourth client group, namely the students and faculty. Management research originates from the operative concern of enterprise managers to have knowledge "to control, direct and guide" enterprises, and of course a concern for the need for knowledge by students and faculty as well as to achieve IIU's mission on Islamization of knowledge. This definition gives us a focus for identifying the issues relating to management research and also for identifying the best means of dissemination economic and management research findings to the four target client groups.

One may objectively identify the areas of economic and management research relevant to the four client groups according to the approaches that are consistent with research activities normally carried out by renowned knowledge-acquisition bodies conducting management research throughout the world. This approach is based on existing practices and it provides useful inputs for listing of research areas. This paper has used this approach as a starter. However, we need to supplement this with reference to IIU's guiding policy of bringing fresh thinking about knowledge from the perspective of Islamization of knowledge. Where appropriate, such a principle is very relevant for management research because it involves significant normative input into theory-building. Ethical issues constitute the core of what is considered a desirable form of behavior for management of enterprises, especially those under Muslim ownership.

### Objectives

This paper is concerned with a number of key issues on the broad subject of initiating economic and management research and disseminating findings of such research. The first objective is to identify at least the key areas of research. This task can begin by referring to existing research agenda of centers of excellence in the areas of management research and teaching. The special needs of Islamic as well as developing countries - which are at different stages of economic and social development relative to non-Islamic developed nations - may help us to focus on some areas of research as being more urgently deserving the attention of IIU. There is at this initial point some consensus among experts on these needs. The criterion of strategic payoff on research may guide us further in identifying some areas of research that are likely to create quick results for IIU and its constituency. The second objective is to draw up a plan of actions for efficient and speedy dissemination of research findings to IIU's client groups. In respect of this purpose, our concern is dissemination not in a general sense but in directing the dissemination efforts to strategically critical points for maximum impact. For example, research findings on the desirability of the Islamic banking principle of risk-sharing in financial transactions of businesses should be directed not only to the financial institutions but also to policy-makers, e.g. the central banks, IMF and the World Bank. Third, to conduct research effectively and to disseminate research

findings efficiently, the paper identifies a structure for the center. Beyond that structure, it identifies strategic directions for obtaining research findings and delivering them in the most effective ways to the clients in the Organization of Islamic Conference (OIC) as well as non- OIC countries. Here, the paper attempts to justify the concept of Consultation-in- collaboration' as a principle for enhancing the usefulness of research findings to the recipients. In other words, the center must have the mandate to justify its competence by selling its services to end-users in collaboration with other institutions having recognised knowledge bases. These will be explained later in the paper.

This paper is divided into five sections. Section 1 is the introduction given above. Section 2 identifies relevant research areas and expounds on them in some details. As mentioned earlier, crucial to the decision to list these research topics as preferred over other topics is the criterion that these areas of research need urgent and important attention in OIC states and less-developed countries (LDCs) in view of their socio-economic position. And this is needed consistent with IIU's research programme. In section 3, ideas for dissemination of research findings through linkup with centers of excellence and with client groups are explored. An appropriate organisation chart for the center alongwith terms of reference are included in section 4. The paper ends with some recommendations on management research and dissemination in the case of IIU Management Center.

## **Management Research**

### **(i) Identifying IIU Client Groups**

Management research defined at the start of this paper to be useful for the IIU's mission should be selected in view of the needs of the four classes of clients who may use the findings from such research areas identified in this paper. Public organisations, the first of these clients, include government organisations, agencies of governments (such as telecommunications, cocoa marketing board, etc), and government-linked companies entrusted with specific economic functions. This client group is a large user of management research in any country, particularly in OIC

countries and LDCs. Large sums of money are spent by them in seeking economic, social, project, and financial management ideas from the largely well-established research centers of the developed world. Economic and management research activities relevant here focus on fiscal policy, public sector development, large-scale industrial, agricultural or extractive industry development, monetary management, public sector enterprise management, and project management. The advice sought by this group revolves around macro and sectoral issues.

The second client group (private enterprises) engages management researchers to give advice on issues affecting their individual enterprises. These advisory services include, accounting, legal, financial, information systems, production, project, personnel, organisational issues and so forth. The knowledge-base from which these advisory services occur is more focused on the enterprise as the unit of analysis, unlike in the former group, where the focus is on the economy or subsectors of economy as a unit of analysis. Effective research means appropriate packaging of economic and management knowledge in terms of its relevance to a given enterprise which needs it. An example may illustrate this. The financial needs of AT&T or Telekom Malaysia can be met with an issue of shares on a share market, whereas the need for finance of a telecommunications outfit in a fund-short Muslim country would require project financing packaged by a financial expert. But the knowledge-base for the two modes of delivering finance is the same except in details on the question of "how" to deliver financial resources.

The third client group (the co-operative enterprises) exists in OIC countries and LDCs. There is a need for well-managed co-operative organisations to meet the requirement of efficiency in the production and marketing of extractive and primary produces. There is very little research on this mode of organisation as most developed countries do not have co-operatives in the two sectors mentioned except for the marketing aspect (for example, the marketing of citrus fruits in the U.S.). Co-operative ownership of transport companies by workers in United Kingdom has become common, and these enterprises are managed by professional organizations. In the developing countries, producer co-operatives are an essential part of development strategy but little is known about the optimal management

techniques to be employed. This, in my opinion, is critical because co-operatives help management achieve scale efficiency in management, production and distribution of a large number of primary products. The needs of OIC countries in management training have been largely neglected as management schools in those countries have more readily adopted corporate management tools.

Students and faculty of tertiary institutions form the fourth client group with specific need for management research. Materials for training in economic and management research and the availability of research-based findings for these clients are crucial for lifting the reputation of such institutions. Such needs are urgent for the IIU as it aims to establish a reputation for excellence in management teaching and research. A substantial knowledge-base already exists in the IIU's Faculty of Economics and Management. Based on the broader definition of management, the faculty can identify the need for additional linkages with the rest of the world to expand the existing knowledge-base.

Finally, let me say that these four client groups need management research findings in different forms. While the fourth group would like to learn the mode of conducting management research, the other three clients are interested in applying the knowledge-base for efficiency improvement of their public-, or privately-owned economic units. In either case, the faculty forms the link for teaching the mode of research to the students, to explore the application principles, and to further refine management research findings in accordance with the needs of the OIC countries and LDCs. Looked this way, the establishment of the center can only lead to an improvement in the quality of the IIU faculty.

We must note that such knowledge-base is predominantly found in the institutes of research and universities of the developed countries. To get linked to this vast knowledge base, IIU needs to adopt the following.

(ii) Critical Management Research Areas

Out in the world at large exists a large management knowledge-base which has grown in response to the demands of the four groups of clients in different countries at different stages of development over different time periods. The question then is, what parts of this knowledge-base are



relevant for the IIU Management Center? An answer to this question requires more insights than I have, but the experts here can contribute to a richer selection of topics than is listed here. Let us consider the more or less established facts on the OIC countries and LDCs. These countries are (a) mostly primary producers with very low industrial base (b) predominantly at much underdeveloped stages of economic and social development, and (c) lacking in modern management research tradition, and (d) insufficiently endowed with trained managerial manpower. Some of these countries do have the rich history of traditional business practices, which have not been empirically researched. It would appear that they have to be adapted to the modern business management practices without losing the ethical base provided by their way of life.

Thus, it appears to me that we can use the needs of the OIC countries and LDCs as the criteria for selecting a set of research areas that are likely to be strategically useful. In my opinion, which I expect to be enriched by others in meeting, the more useful research areas are those concerned with the following.

- A) Research on appropriate management curriculum for students and faculty in tertiary institutions for management training in all the above-mentioned areas of management research as well as the current emphasis on the traditional management training areas found in management training institutions of excellence. This is the largest knowledge-base relevant for the center. It includes the traditional subjects of accounting, economics, finance, marketing, production, information management, personnel and business law.
- B) It should be added that there is a layer of professional and technical training below the management level in a number of areas. Examples are the sub- professionals in accounting, information systems, banking officers, investment officers, the lawyer's clerks, etc., who have recognised the need for centers of excellence in training and practices. In fact, this second layer of managerial semiprofessionals is very important to the overall skills requirements of these countries. There are centers of excellence, whose certification (e.g. City & Guilds of London) is considered a stamp of excellent training. Some thoughts should be given to this large-scale training requirements for the OIC

countries. I invite the experts present to see a role in this regard for inter-working with such places of excellence.

- C) Management training at senior and top levels of public, private, co-operative enterprises and teaching institutions. This is crucial for the success of all other endeavors as trained and committed managers provide the leadership as change-agents so essential for modernising enterprises and teaching institutions.
- D) Distribution management within an economy. This covers a wide area of transport management (public -private transport enterprise management), information management (mass-media management), physical infra-structure management for produce distribution, etc.
- E) Fiscal management of the economy, which includes the broad framework for government revenue, incentives for enterprise development, income distribution, and monetary policies appropriate for an efficient fiscal regime.
- F) Research on deregulation, public-service management, government-linked enterprise management (privatisation, market-deepening) with specific reference to institutional structure appropriate for the predominantly resource- based economies.
- G) Institution-building, organisation and management of financial structures conducive to economic development, including modernisation of this sector within the ethical standards acceptable to Islam.

In all these areas, the emphasis by IIU Management Center should be comparative in focus in order to evolve empirically-relevant findings for its eventual application in the local context. In some sense, it is akin to the Japanese focus on research. Let me quickly add also that this list needs further discussion and elaboration before it can be adopted as areas of relevant research for the IIU Management Center.. An important reason for including economic management issues is to choose areas of strategic payoff for efficient economic management, which in turn improves enterprise management. There is a popular perception that OIC nations and LDCs are plagued by poor fiscal management, over-regulation of the economy, and the financial institutions. Also, the lack of efficient manage-

ment of the public sector and government-linked companies in the LDCs is a huge drain on the limited resources available. Inefficient management of public enterprises leads to huge subsidy from the state which could actually be garnered for more urgent improvements of physical infrastructure such as the alleviation of urban crisis. Studies at the Sheffield University in the United Kingdom have shown that public sector management reforms reduce unit cost of providing public services by as much as 30-40 percent. Research and application of knowledge in other identified areas like distributional issues and management training for public or private institutions can help achieve management efficiency so crucial for economic and social development in the OIC countries and LDCs.

I propose that the IIU Management Center put priority on big-ticket items of management research. These items will have longer-lasting effects, apart from quick payoff in improving knowledge-base. Top on the list is the need for management training and management research. In the case of public enterprises, this may take the form of public policy, public enterprise management courses with emphasis on critical areas such as industrial economics, production efficiency, people management, and financial management. There is little research available on co-operative enterprise management. Therefore, comparative study should be made. Management knowledge on macro-management of the economy is so important that this area of research and teaching should be at par with the more business-unit-based subjects of functional management (policy, production, accounting, finance, information systems, marketing, and personnel approach). Included here are such issues as fiscal management, deregulation, financial market deepening, technology management in industrial enterprises, infrastructure efficiency, tourism industry development, cottage industry management, educational establishment management, financial institution management, etc., which form critical areas of research and consulting in the OIC countries and LDCs.

### **Dissemination of Research Findings (i)**

#### **Strategy for Excellence**

A pragmatic approach is advocated here for acquiring the knowledge-base in management. It is widely accepted that, the US in particular, and

the developed countries in general, have greater portion of the management knowledge-base. The knowledge-base is resident in the institutions of learning and research as well as corporations, especially in the large public, private and co-operative organisations. For example, a quick review of course contents on public sector management will reveal the knowledge-base, for example, is at the Kennedy School, Harvard, (and few other places). The internal mailing system used in the AT&T headquarters is a state-of-the-art network system to automate office management.

Management knowledge, therefore, resides in (i) the proprietary systems used in large organisations, (ii) the course-contents, the journal and working papers of universities and research institutes, (iii) leading experts in these organisations, and (iv) the text or technical books that are published. Of all these sources, the key to obtaining the knowledge rests on linking with the (a) centers of excellence and (b) leading experts who work within these centers. It is foolhardy to expect ourselves to be readily and costlessly plugged onto these key resources. Without their willing co-operation on a linking arrangement, it would be difficult to acquire a continuous stream of knowledge into IIU Management Center; in fact, any center. Therefore, a useful strategy is to work on linkages with centers of excellence that IIU Management Center expects will provide long-term benefits in localising knowledge-base, be it acquiring a computer system for automation of office, or research findings reported in technical journals.

Identification of two or more centers of excellence in each management research areas of our concern should be made by experts in systematic manner. Centers so identified should be approached for inter-working with the IIU Management Center.

Some of them will turn our request down; others may ask high prices, but in this process, we will pick up a number of such centers that will be willing to work with IIU located in Malaysia. For example, the centers of excellence in public administration training, and in modern management training are found in the top 10-15 universities in the U.S. (and few centers in Europe (e.g. INSEAD at Fontainebleau, France) and UK. IIU faculty members, therefore, need to identify these centers of excellence on topic areas of interest to the OIC countries. The networks of experts who work with these centers can then be identified from a review of working papers, the

journal articles and the general reputation among the peers in the areas of research. This will provide us with a databank of universities and researches we are interested in.

The next step is to launch a program of joint-collaboration with these resource-units. This is likely to be far more complicated than it appears at first sight. My experience is that it is easier to work jointly with known leaders in the field than to work with the centers. Therefore, both strategies must be followed. One suggestion is that the IIU Management Center should pay these centers to (i) provide continuous supply of working papers/publications, which are for purchase anyway and (ii) invite experts in relevant areas in these centers to visit the IIU Management Center to give short workshops on their areas of research. If the workshops are carefully planned well ahead of time, the center should be able to charge for attendance at this workshop as the reputation of the quality of the workshops spreads among OIC countries and LDCs. The center can record the proceedings, and distribute the papers to the client-groups for a price. Done over a number of years carefully and with good planning/publicity, we can draw policy makers at the top levels of the client groups to attend such training programs on regular basis. An example may be a university management seminar that can attract vice-chancellors. The Kiel Institute in Germany, the Brookings Institute in the U.S. and the Management Institute in Geneva are privately-funded institutions of highest reputation which do similar things. There is a need to create a high-profile institute for the OIC on economic and management education:

The third leg of this approach is to initiate joint-research with the aim of producing publications of merit on economic and management through an IIU press. Each expert working on relevant areas should be funded (based on application, approval and follow-up) to work with a group of IIU counterparts or alone, if considered practical, to produce one of the following outputs. It could be a position paper or policy paper outlining the subject, and then summarizing the state of knowledge on that topic in a paper. For example, transport economics, and transport management problems in OIC countries and LDCs can be studied by IIU experts in economics, engineering and management faculties together with leading experts to produce a policy paper on transport problems in general. The

paper could be a 50-page essay carefully edited to be useful for the four client groups. Such papers can be worked through carefully while planning for a one-to-two day workshop visits by experts to conduct technical seminars for policy groups drawn from the client groups in the OIC countries. Preparing a technical monograph is the next step. Again, as an example, we could produce a theoretically-argued monograph on ethical investment of equal-risk sharing in financial transactions. Experts like to enlarge their vision, and what better way than to enlarge it through an exposure to Islamization of knowledge. Thirdly, regular colloquium (two per year) among experts can be convened to discuss relevant topic areas. This will lead to publication again. Colloquium is usually attended by invited experts and technical reports on specific topics can be prepared. Holding conference on specific topics (eg. deregulation in OIC countries will gather experts and scholars on management of deregulatory activities) is another mode of research for the center. Finally, we should proceed towards publishing text-books on individual subjects in future. This state may take a long time to arrive, but the activities of IIU Management Center towards that goal are desirable. It is not an accident that the best textbooks that set standards for different subjects are published by the institutions with the excellence and expertise found in centers of knowledge. .

In concluding this section on the strategy for getting quick management research findings, I would like to highlight the idea of linking with centers of excellence through a number of research-cum-teaching activities (workshops, short seminars, colloquia, conferences, technical monographs and text-book commissioning that the center should undertake while also involving IIU clients to attend these activities on payment basis. This is based on the principle of consultation very common in the research community and collaboration that has become common among centers of learning and research. It is possible to do this out of Malaysia in this age of quick communication links via fax, phone, electronic mails, teleconferencing and air travel. In these respects, Malaysia provides certain advantages absent in some other places.

IIU's adoption of English-based teaching gives it an added advantage for linking with the rest of the world. Consultation-in-collaboration is an established principle of research today. We can make it pay its way by

getting the clients to pay full or part of the cost of benefiting from these linkages with centers of excellence in management research activities which are of use to the OIC countries and LDCs. The principle of market-pricing of research activities is increasingly used to justify management centers in good universities (e.g. Institute of International Business at the Memphis State University of Northwestern University, and Australian Graduate School of Management's management training centers, etc.) and we should strive to become relevant to the OIC and LDC clients by marketing the management research and training activities if the center is to gain reputation. The other route is to employ world-class scholars within IIU but this option is impractical and costly given the present stage of development.

(ii) Dissemination of Findings

Research findings, if unpublished or unused, are wasted resources. Therefore, it is correct to pay attention at this meeting to the need for dissemination of economic and management research findings. We have suggested four forms of dissemination already: policy papers, monographs, colloquium/conference reports and text-books, all of which should be published by an IIU press. IIU could easily set up a rolling 3-year contract with a reputable press to print these publications. The international marketing done through contracts may be renegotiated to keep control on costs since a permanent contract encourages cost-overrun. Therefore, an important source of dissemination of research is the publication through IIU press of works executed/commissioned by experts and teams as well as by IIU faculty.

The next means of dissemination is to establish an international journal on management with a specific mission for including Islamic-country focus, and also Islamic focus. Islamic country-focused research studies are abundant in the developed countries, and these researchers will be willing to contribute their research findings provided the journal is edited professionally with refereeing process, and is linked with good journal publishing houses. Nothing could be more motivating than to get a paper into a good journal for these experts. Therefore, I advocate work in this direction as soon as possible. There is a wide market for such a journal,

and it is easy to achieve break-even circulation within about 3 to 5 years, a rough guide for establishing a good journal.

There are so many specialized management areas on which journals tend to focus. It is impossible for the IIU to specialize in each of them. Here, the strategy should be to identify a number of key specialist journals. Once identified, IIU could collaborate with the editorial teams of these journals to come up with one-off or regular extra issues covering the OIC countries. An example is an accounting journal in UK that issues an Asian edition every year to focus research on Asia. In this way, we get a constant stream of materials of quality that goes through the proper screening process. And, more important, inputs of any Islamic principles, if relevant, can be made at the editing stages of these articles. IIU may have to actively pursue this means of dissemination as one of its early efforts because this is the least-cost strategy but giving high-quality outputs. Obviously, linking with the expert(s) associated with the leading journal(s) is an arduous process but such time spent is worth the trouble for establishing a prestigious output source for the IIU. For example, IIU may want to convene a meeting on Islamic ethics in investment during the prestigious American Finance Association annual meeting in December, and have the papers edited and published as a special issue of the Association or in the Association's journal. This is far cheaper than convening a separate conference, which may not be attended by mainstream experts in this area.

IIU Management Center should strive to produce working paper series, again carefully screened, that should be widely publicised. The topics to be covered may be the key areas or any area that is deemed to be relevant at a point in time. A way to get good quality for this workshop series is to start a 15-paper per year series. This may be announced in major universities and funding for presentations and accommodation may cover costs only. The papers may be printed for wider circulation. This is not too expensive an affair, and good universities get philanthropic institutions to fund the airfare-and-accommodation expenses in return for naming the workshop under their auspices. This is worth doing in connection with a one or two-day special session on chosen topics to get more output from experts: This means that there are regular workshops and short seminars every four weeks at the IIU leading to some 30 publications (one workshop



and one volume of seminar materials per 15 periods) a year. A final advice on print media is to set up an IIU. Economic and Management Record newsletter, which can be produced on a quarterly basis to serve as a means of networking with institutions of IIU constituencies and outsiders to disseminate and discuss practical issues on economics and management. The editorial policy should be one of judiciously bringing in Islam's rich ethical traditions of enterprise-management, as well as to provide cryptic introductions to modern economic/management principles besides having the usual newsworthy propaganda materials.

Dissemination is more effective in the print media for technical usage by the public, private, co-operative enterprises and tertiary institutions. However, the electronic media (audio, video, broadcast television) and the press should also be used to expand the reach of findings to wider groups outside the four client classes. For example, there is a pressing need to use the mass media to counter the ignorance of the masses in and outside the OIC countries on such important issues as ethical investment principles attributed to Islam. To what extent the press relations and electronic media can be used should be taken into consideration in some other forum. So, I will leave this vast area of dissemination to be discussed elsewhere.

Five structural features for dissemination of management research were explained above: a university press, IIU management journal, special journal issues, working paper series, on management and a quarterly Economic and Management Record for linking with the IIU constituency and the clients outside. The quality of these outputs programmed carefully can only enhance the center's ability to disseminate management research findings effectively. Judiciously managed alongwith the process of collaboration and regular meetings on specific areas, the four modes of dissemination should be aimed at not only the four client groups but also the clients outside the OIC countries. Including clients outside the OIC should be a long-term strategy to expose the IIU mission. I am assuming that the faculty available at the center, the students at the IIU, and the research facilities are adequate for this purpose. This is an internal matter on which the decisions will be made by the IIU. All I can state here is that the decisions on the quality of the facilities and resources must be consistent with the need to interwork with centers of excellence, and persons of high reputation.

## **Strategic Plan for IIU Management Center**

### **(i) Strategic Directions and Organisation**

The discussion so far has highlighted (i) what constitutes relevant management research, (ii) the process of identifying the sources and then increasing the localization of knowledge-base on management research, and (iii) the effective modes of disseminating the management research findings to the four client groups of IIU. We established a number of criteria as relevance to OIC, strategic pay-off, inter-working, collaboration, market-orientation and resource-efficiency in being able to do high-quality research, training, consulting and publication as well as degree-granting activities. We now proceed to outline a strategic plan for the center with, the hope that this will lead to terms of reference and a list of recommendations.

The strategic plan consists of three sets of activities-namely (i) organising the center (ii) planning the training activities for the clients of the center, and (iii) executing activities relating to the dissemination of research outputs. Curriculum development for degree-programs will be done by the IIU faculty, which should work towards incorporating activities of the center into teaching programs. First, the organization. There are alternative ways of organizing a management center but some ways of organizing are far more suitable than others to ensure long-term resilience of the organization. Taking into consideration the fact that the center should be market-oriented in serving the needs of the four client groups of the OIC, it is advisable to organize the center as a profit-center outfit which exists autonomously. The center should obtain funds as follows. (a) The center should be an endowed body corporate (waqf-type organization) able to receive donations from a founding group; (b) IIU's operating budget will cover the capital costs including maintenance costs of equipment and building as well as meet the teaching, research and training costs; (c) costs of training of outside-IIU clients should be recovered through market-costing of the services to clients.

It is suggested that a world-wide appeal for endowment from Muslim countries and Muslim individuals be made to make the center a reputable institute in the long-run, say, after five years. Identifying the center as a

place of economic and management knowledge for OIC countries and LDCs through the endowment would drive home the importance of this place for the longer-term. It would also give it room to evolve policies conducive to its development on an independent line supervised by the Rector providing the leadership and a body of international advisers providing advocacy. Rector's involvement is crucial as his direct supervision gives weight to the center and helps guide it along the way to its development as a management institute of highest quality. To help the center achieve its mission requires leadership and commitment from the highest authority.

### **Key Position Identified**

The internal organization of the center should reflect the three separate areas of responsibilities; namely, administration by a director of the center, a division responsible for directing the training-cum-consulting activities targeted at clients all over the world, and a division responsible for the dissemination of knowledge acquired through the means identified earlier. In terms of job descriptions, the three positions will have the primary duties (details omitted) as follows.

#### Center Director

- \* Overall effective management of the center
- Co-ordination of training-cum-consulting to client
- \* Ensuring research and consulting activities through the linking arrangement
- Coordinating dissemination of research findings
- Initiating international relations consistent with overall objectives of the center
- Establishing a reputation of excellence in economic and management research at the center.

#### Divisional Coordinator 1

- \* Originating in collaboration with the director an annual plan of management training relevant for and demanded by client groups

- Coordinating a program of marketing the training programs, including the establishment of a customer database for the same
- Identification in collaboration with the director areas of consulting opportunities in the client groups, and executing profitable consulting activities
- Ensuring that the training facilities are adequate and consistent with the mission of the center
  - The training links with established centers of certification for sub-managerial training in recognised fields of management should be pursued.

#### Division Coordinator 2

- Establishing an IIU press, and managing it for the publications of research outputs of the center and IIU faculties
- Establishing in collaboration with the director a reputable economic and management journal for dissemination of management ideas relevant to the OIC countries and IIU students and faculty consistent with the principle of Islamization of knowledge

Establishing contacts with relevant journals for special issues on issues relevant for the IIU clients and consistent with the Islamization principle

- \* Establishing a reputable IIU economic and management workshop series to serve as a focus for discussion on OIC-relevant economic and management issues

Establishing resources and facilities, including a research library suitable for the mission of the center

The three core activities of the center may be initially carried out by a director during the first two years before identifying expansion plans to justify the separation of these activities. As may be noticed from the above brief descriptions, I have avoided getting into details on the key jobs, and have not identified other positions that may have to be created. There is a need to establish expert panels on some aspects of the center's administration. There is a need for a finance committee with nominees from Rector's office and there is a need also for clerical and technical staff to maintain and service the center's facilities such

as the building, audio-video equipment, computers and systems, printing, residence-for-trainees, etc. These are to be decided by the executives in charge of getting the center organized. Therefore, the organization suggested identifies the core of the center and further ideas on detailed organization should be put up later.

### **Identifying Sources and Localization of Research**

Identifying the sources of relevant research should be done in consultation with experts in the areas of concern to IIU. This process can start with a review of the literature on the topic areas of our concern as may typically be identified by the economic and management faculty with reference to the public and current research in different parts of the world. Centers of excellence may be found by ranking reports of institutions periodically published. But finding the persons of reputation in specific areas is more difficult and is done by sampling peer reputation and consensus. This should be done systematically by pooling the established professors in any field of research. Such initial listing should be compiled by a faculty committee. A promotional literature should then be prepared to publicize the IIU Management Center at the key universities and institutes in different parts of the world. Next, based on a plan of training (and later consulting), the center should invite experts to work with the center to give workshops, training sessions, seminars, development courses and to take part in colloquia and conferences as well as accept commissioned textbook writing. There are details to be worked out in each of these activities but the key is first to have a database of clients who would pay to attend training courses, seminars, etc. There ought to be established a concrete plan of training courses, if necessary, tied into executive training programs. There is also a need to create, database of centers, persons of reputation on a regular basis to source these places and people. It may indeed be advisable to have industry advisory boards to guide the center in what should be included and what areas should be covered. The ambassadors, properly surveyed, may be able to advise on management training and consultancy needs in their countries.

## **Dissemination of Findings**

The third arm of the strategic plan is the publication. This requires a lot of resources to get the research-cum-training-cum-consulting findings as well as teaching materials into print form to provide the reputation-base for the IIU. The details of how to get the leaders of research in respective areas to contribute to publications have been described in an earlier section. In brief, the activities of the faculty and visitors can be reduced to publications in the forms of working papers, policy papers, monographs, proceeding reports of conferences/colloquia and books. To get these outputs, one needs a marketing database, a quality-conscious editorial team; and a quality-based printing house. Marketing database includes a list of client addresses for mailing course and research materials. In addition, I would suggest a management library for the collection and cataloguing of good researches on management. This should start with the purchase of journals of strategic needs to the areas of research in the center. Over time, if carefully done, the collection would focus on research on OIC management issues.

The strategic plan described above is based on the principle of inter-working with experts more so than with centers of excellence until the IIU gains sufficient reputation to persuade the centers to associate with IIU Management Center. Next, it is based on making the outputs of research (training, consulting, publications) relevant and needed by the client groups from the OIC countries. Hence, the need for marketing approach to the on-going teaching and research should be encouraged. This can be done by making regular visiting appointment over short duration as a matter of policy because no centers of excellence would want their experts spending too much time outside their centers or have visitors from IIU wasting their time. Two important working principles have been incorporated in the strategic plan. These are: inter-working on collaborative research-teaching-cum consultancy for optimising research outputs and marketing-orientation in the center's activities to target OIC client groups.

### **(ii) Mission Statement and Terms of Reference**

Terms of reference will be developed around the mission of the center to become a center of excellence in economic and management research,

training and consulting for the OIC states and LDCs by carefully identifying client needs in these areas and by executing a strategic plan to meet their needs effectively. The key to achieving this mission is based on collaborative research training and consulting with resources outside to bring a knowledge-base into the IIU and, over the long-run, to develop internationally-linked resources at the IIU for carrying out these activities. Establishment of the center, drawing up training plans and publication activities through inter-working with centers of excellence are considered the routes to achieving the mission. The terms of reference will be worded around these three activities.

### **Mission Statement**

IIU Management Center is established to evolve into a center of excellence in economic and management research, teaching, training, consulting and publications relating to areas of strategic relevance to IIU constituency, where appropriate, with the principle of Islamization of knowledge. Activities for achieving the mission shall be executed in the most cost-effective manner. Management research is defined for this purpose to include areas or branches of knowledge relevant for management training and demanded by clients for the administration of public, private or cooperative enterprises and for conducting economic management research, training, consulting and publications considered useful for the students and faculty of economics and management.

### **Terms of Reference**

1. A management center will be established for the purpose of achieving the mission of the IIU with a director and other staff to organize activities consistent with the mission. The Rector of IIU will have the overall responsibility for policies and funding of the center. He would further initiate an endowment fund for the longer-term development of the center into a self-funding institution with center's services being marketed to clients on payment for services.
2. The center shall have a place of operation within IIU's jurisdiction with facilities built for the purpose of carrying out the activities of economic

and management research, training, consulting and publications consistent with the criteria of a place of excellence for the said purposes.

3. The center shall, through its development expenditures over a number of years, build such facilities as are considered sufficient for modern :research, training, consulting and publications activities consistent with standards comparable to those in other reputable economic and management institutions.
4. The center shall at appropriate stage of its development organize itself, into divisions with suitably qualified professional staff to initiate, conduct and produce research, training, consulting and publication outputs in the most effective ways to achieve the mission.
5. In organizing its divisions in ways suitable for its purpose, the center will consider appropriate linking arrangements with centers of excellence considered appropriate for building a knowledge-base within IIU over time.
6. The center shall establish advisory panels consisting of internationally-drawn persons of reputation in respective fields, and co-opting faculty and student body representative as well, to advise in initiating appropriate research, training, consulting and publication activities.
7. The center shall, consistent with the IIU's policies arrange for the visits of persons of reputation in the respective fields, and commission works of research, training or consulting nature to bring the research activities for the benefits of student-cum-faculty as well as the end-user clients in IIU's constituency.
8. The center shall draw up a training plan for appropriate clients from IIU constituency, and obtain resources within the IIU, and outside to successfully conduct the training in seminars, short-period executive courses, and longer- period managerial diploma-granting programs in association with the IIU faculties. The center shall so organize these activities in ways consistent with the mission of becoming a center of excellence in management
9. For dissemination of findings from research, training and consulting, the center shall establish facilities such a university press with approp-



riate editorial boards to enable publications and distributions of policy papers, monographs, journals, and special issues of journals in collaboration with established journals on issues of relevance to IIU constituency. This includes the establishment of research library, procedures for mass media relations, and publication of a quality newsletter for management practitioners.

10. The center shall, at all time, consider the goal of its mission and that of the IIU in conducting all its affairs and be guided by the overall direction of the council and the Rector.

Let me quickly add that these terms of reference should be discussed alongwith the ideas of other experts at this meeting to provide a more generalised terms of reference for recommendation to the IIU administration. The items deserving further consideration are those relating to training and consulting; in particular, we need to identify the degree structure, and the power to grant degrees by the center (or the institute when such is evolved at a later date) with the consent of the IIU Council. It is hoped that a discussion in these directions will amend and expand the terms of reference.

### **Conclusions and Recommendations**

The main thrust of this paper has been to describe a cost-effective and time-effective means of establishing a management center for research, training, teaching, consulting and publications of sufficient quality for the benefit of the OIC clients who are currently without a center for obtaining such services in economics and management. The recommendations arising from adopting a particular approach to organizing this center are broadly justifiable on the needs of the clients. If the center wishes to in-build expertise within IIU, it would be tremendously costly.

The working principles that have guided the ideas in this paper are those that are widely accepted for producing good quality outputs in economics and management research areas. These are (i) quality-consciousness, (ii) collaboration with established centers of excellence; (iii) inter-working center's plans (on training, research, consulting and publications) with recognised persons of reputation in these activities; (iv) client

driven demand for the services offered by the center, and (v) most importantly, a high-profile and motivated management of the center. It is possible that such a management, given the leadership and commitment by the IIU, can help establish a center of excellence in a few years to serve as a hub of expertise for the clients from public, private and co-operative enterprises as well as the tertiary institutions in the O1C countries and LDCs. The recommendations for the consideration of this meeting follow.

1. Consider the areas of management research identified in section 2 for adoption and possible extension of this list on advice of the international advisory panels working under the guidance of the Rector.
2. With reference to the Islamization of knowledge acquired by the center over time, consider guidelines from an expert panel capable of giving advice from time to time for incorporation into management research findings using this important criterion for knowledge-base.
3. Consider the principle of inter-working with identified centers of excellence and their experts in relevant areas of management research to be most beneficial to the O1C countries considering the need for both efficient economic management, enterprise management and tertiary training of managers as change agents for development. Endorsement of this principle requires that appropriate schemes of rewards/payments for inter-working should be established over-time to make this idea workable.
4. Consider the IIU Management Center's mission statement, and establish an organization as recommended in above. This would imply that, apart from the management of the center as a place with good facilities for the purpose, the center draws up systematic annual training activities based on perceived demands of the clients, and conducts them with inter-working arrangements with outside and inside resources noted for excellence in the relevant areas.
5. Consider and approve the proposals for a university press, an internationally-referred journal in economics and management, and special issues of established journals on topics of relevance to IIU's constituency in addition to commissioning of special policy papers, technical monographs, conference proceedings and text-books.

6. Consider specific guidelines for charging for the services provided by the center when clients receive training, or consulting services or enrol for their degrees/diplomas, etc. offered by the center. The role of the outside parties must be specified carefully in the area of consulting services to exonerate the center from legal responsibility for wrongful advice.
7. On the questions of moving the center towards an institute in the long-run, consider and approve the principle of establishing an OIC-based endowment fund to provide independence and resources to achieve the mission of the center to be a place of excellence. For this purpose, a separate working group under the able leadership of the Rector is recommended.

These recommendations need to be reshaped in relation to the recommendations of other experts on related topics (for example on consultancy) at this meeting. Amendments and additions should be detailed before a final list of recommendations could be tabled for adoption. Time should be allocated in this meeting to draft a comprehensive list of recommendations. Therefore, the above list is meant as a draft list for further discussion and consolidation.

In concluding this policy paper, may I add that the idea of establishing a center of excellence in economic and management training, teaching, research, consulting and publications of findings is long overdue for the OIC group. The relative dearth of trained managerial manpower in OIC countries means that development and modernization activities launched in these countries are less efficiently managed than is the case for countries where the managerial manpower is relatively less scarce as for example in the ASEAN grouping. It is my considered opinion that the management research and knowledge-base must be appropriate for the state of development of the OIC countries and must be driven by the market demands of the clients for these services. Further, it would be foolhardy to reinvent the wheel by duplicating resources in the center. For this reason, the correct and effective approach is to inter-work with persons and places of excellence in areas of management training and research, though this requires us to work with persons on whom the center may seem to depend

for its effectiveness. This is a cost we have to pay for efficiency. Given leadership, the center can of course evolve into an institute of international reputation .for carrying out its mission on economic and management research, teaching, training, consultancy and publications. .

# **COMMENT ON "MANAGEMENT RESEARCH AND DISSEMINATION OF RESEARCH FINDINGS" BY ARIFF**

Shuja Nawaz

Ariff has given us a useful structure for approaching the subject of his paper and poured into that structure an enormous amount of information on what can and should be done. One could argue about the details and modalities of specific sections and ideas. But, in the interest of moving the discussion along, I propose to give here brief comments on each section, preceded by a general commentary on the subject and its relevance to our meeting in Kuala Lumpur.

## **General Observations**

It would be useful to begin by seeking a consensus on the definition of the term "Islamization of Knowledge" so that the ultimate objective of the exercise that we are conducting at this meeting is made clear. Is it to make knowledge available that would speed up or further enhance the process of Islamization of individual economies in the Muslim world, or is to bring knowledge in line with tenets of Islam? Yet another aim may be to assume a state of Islamization in the Islamic countries and proceed to harness knowledge for their development and for the welfare of their peoples. Without a clarification of this term, much of the process that is discussed could be termed secular rather than Islamic.

One should also step back and measure ones ideas and proposals against the criterion of identified need, rather than assume that a need exists for a certain type of research and knowledge. This demands a greater level of specificity and disaggregation at the national level. As a

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Shuja Nawaz is Chief, Administrative Division, IMF Institute, International Monetary Fund, Washington DC, U.S.A.

corollary to this approach, one must ensure that this exercise in Kuala Lumpur is not seen as yet another form of "job creation" or simply yet another effort at creating a self-absorbed group of itinerant scholars and experts which would meet and agree to meet, again and again. In short, we must attempt to remain in the real world and set finite targets for our work, making it, in the process, long-lasting and effective.

Against these general comments, I offer below specific, initial and, given the short time available, hurried observations on Ariff's most interesting paper.

### **Definition and Objectives**

**Management Research Defined.** While I cannot argue with the veracity of Webster's Dictionary, I would go a stage beyond the definition of "management" given in that tome to the deeper meaning of "management" in today's world. We are facing a world in turmoil and rapid change. An established world order is being replaced by God knows what. Theories of chaos abound. In this turbulent time, we need to redefine "management" perhaps in terms of "coping with and harnessing the forces of change for the welfare and development of organized groups - be they informal associations, firms, or national entities". A static definition of the term will not do. We need to capture the need for activity and progress rather than rely on elements of "control" and "direction". In brief, we need an enlightened approach to "management".

Ariff has identified certain groups that need to receive the findings of management research: public, private, and cooperative enterprises, and students and faculty. This is a comprehensive listing. But, as he admits later on, another client group also needs to be brought into the information loop: political organizations and leaders. And, I might add yet another: the media, without whom much of the transmission of knowledge might become difficult, if not impossible.

**Objectives.** Ariff identifies some objectives. First, key areas of research, based on needs on which he states "there is some consensus among experts". He might shed some light on these needs and where he sees consensus emerging. Second, he mentions the need to draw up a plan

of action for speedy and efficient dissemination of research findings to nodal points. In doing so, he expands further his target audience by identifying multilateral agencies, such as the IMF and the World Bank, as well as central banks. It would be useful to get more information on ideal nodal points for redissemination or use of our research findings. Third, Ariff has attempted to define a structure for the management institute/center, against the backdrop of the need for self-sustaining research activities that would allow the center to sell its services. This is a noble objective, as in his final point that the center must be subject to periodic review by external but engaged (my reading of his description) persons. Again, I applaud this suggestion.

### **Management Research**

Identifying IIU Client Groups. Here the author has not only attempted to name the target groups but also try to match them with their perceived needs. The danger of taking this approach is that it tends to overinflate needs. It might be useful to survey a sample of these clients and establish thereby the needs as perceived by the target groups themselves. Moreover, the definition of needs is rather broad and all encompassing. Surely, such a task would be huge for any organization, let alone a new body such as envisaged for the IIU. It might be advisable to proceed from a narrowly defined base of information that could be shared. Given the comparative advantage of IIU, it might be best to try to begin with management training per se and then expand, on the basis of experience, to other areas.

Specifically, I might take issue with a statement that "there is very little research" on cooperatives for primary producers. Rather the opposite. In fact, much of the work done in this area by the World Bank has been on rural cooperatives and there is considerable literature on this area from both developed and developing countries. The failure of cooperatives has been less because of the absence of information about their management and more because of socio-political conditions that allowed them to be misused. The "knowledge base" in this and other related areas is considerable in the developing world. We might try to establish a sharing network to make use of it.

**Critical Management Research Areas.** I agree with Ariff that we need to *sift through the large number of possibilities in this area and concentrate* on certain "big ticket" items, that is focus our attention on one or two major areas first. I also agree that management training and research are critical. It matters not whether an enterprise is public, private, or mixed, in nature. The quality of its management, determines its success.

Again, I would suggest proceeding with an initial survey of needs in a sample of countries and agencies before drawing up a plan for action. I would also add privatization techniques to the list of areas where much could be gained from sharing expertise in the Islamic world.

### **Dissemination of Research Findings**

**Strategy for Acquiring Excellence.** Ariff suggests a three-pronged approach involving collaboration with centers in developed countries, especially in the United States. He goes into considerable detail. about the modalities, especially on publications and research projects. While one can support the idea of "twinning" as a means of acquiring expertise,. what advantage would accrue to the centers in the developed world? And how would this jibe with our definition of "Islamization of Knowledge"? I suggest, that the techniques for operating research and training centers are now fairly well established and known. Excellence sells. If we set and *maintain* high standards *in research and publications, even institutions* in the developed world will wish to be associated with our work. If we don't, no amount of wooing will convince them. It might be good, therefore, for *us to determine to set the highest operational standards for our research and training methods before we launch into twinning arrangements.'*

**Dissemination of Findings.** *Again, I have no problems with the array of media that Ariff suggests we use to spread the word. Having had some experience in this field, I can say that audience research and knowledge' of the needs of potential recipients is the first priority. Too many persons and institutions make the mistake of acting'as Vanity Presses. Believe me, the world is not waiting for more information! We need to target our efforts' very carefully. Pinpoint, rather than carpet-bombing, to use a military analogy, is the order of the day.*



I suggest that the IIU begin with small steps in this area. Start with research. Edit it into shape for wider use. Test the market for it, then consider broadening the media via which it would be sent to all and sundry. Even getting the 15 working papers a year that Ariff mentions would be a daunting task under the best of circumstances. But, I find it hard to see how a fledgling institution could produce working papers, journals, special issues of journals, and books, all at once. I am sure that is not what Ariff proposes either. In due course, we might wish to use one or more of these various options.

### **Strategic Plan for the IIU Management Center**

In light of the above comments, it might be useful to have a fuller discussion of the strategic plan at the conference, using a gradualistic approach and seeking resources for additional activities once the IIU has started on other more basic ones. Again, I have no difficulties with Ariff's taxonomy for drawing up the plan. We might have to discuss the details.

1. The first step in the process of identifying a problem is to define the problem. This involves identifying the symptoms of the problem and determining the scope of the problem. Once the problem is defined, the next step is to identify the causes of the problem. This involves identifying the factors that are contributing to the problem and determining the underlying causes. Once the causes are identified, the next step is to develop a plan of action to address the problem. This involves identifying the steps that need to be taken to solve the problem and determining the resources that will be needed to implement the plan. Finally, the last step in the process is to evaluate the results of the plan. This involves monitoring the progress of the plan and determining whether the problem has been solved.

2. The second step in the process of identifying a problem is to identify the causes of the problem. This involves identifying the factors that are contributing to the problem and determining the underlying causes. Once the causes are identified, the next step is to develop a plan of action to address the problem. This involves identifying the steps that need to be taken to solve the problem and determining the resources that will be needed to implement the plan. Finally, the last step in the process is to evaluate the results of the plan. This involves monitoring the progress of the plan and determining whether the problem has been solved.

# FLOOR DISCUSSION OF THE ARIFF PAPER

Mirza S. Saiyadain

Ariff made it clear at the outset that management as a field of study is hard to define unless one looks at other disciplines that have contributed to management science. He said in order to find meaning of management, one must first look at Holy Duran, then go to conventional wisdom and look for meaning in dictionary and books. Hence, management is a body of received knowledge, at a point of time, relating to the control, direction and guidance for the administration of a concern or business, he said. The client groups are public and private organisations, cooperatives, universities and other academic institutions, he added.

According to Ariff, management research can be done in the following areas.

1. Traditional functional areas of management
2. Professional and technical training for lower levels Management training for senior or top management
3. Management training for senior or top management
4. Distribution management within an economy
5. Fiscal management
6. Research on deregulation and privatization
7. Institution-building.

Ariff emphasized that research strategy should involve identifying (i) centers of excellence and net-working with them, and (2) developing a system of delivery through working paper series, conferences, etc. Re-

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The session was chaired by Dr. Salman Shah, Professor, Lahore University of Management Sciences, Pakistan.

Dr. Mirza S. Saiyyadain is Professor, School of Management, Universiti Sains Malaysia, Penang, Malaysia.

search findings may be disseminated by setting up a press, launching a management journal, funding of conferences, starting working paper series, organizing short training courses, technical expert meetings, colloquia, and commissioning reports and text books, he argued.

He suggested an organization structure consisting of director, division coordinators supported by adequate facilities. He shared his ideas on the mission-of IIU Management Center. He thought it should consist of identifying areas of strategic management consistent, where appropriate, with the principles of Islam

He made the following recommendations.

- \* Consider and approve research areas identified.
- \* Promote Islamization of knowledge.
- \* Identify and collaborate with centers of excellence.
- \* Establish good research facilities.
- \* Approve the proposals for (a) university press, (b) internationally-refereed management journal, (c) working paper series, and (d) monographs/technical reports, and text books.
- \* Organize colloquia and conferences.
- \* Draft guidelines for charging clients.
- \* Design a strategy for the center to become an institute.

Following paper presentation by Ariff, Afzalur Rahim (discussant) commented on the paper by pointing out that accounting is not management. He said management includes within its orbit organization behavior, strategic management, organization theory, human resource management, and production management.. Hence, research should focus on these areas, he argued. He was of the opinion that the IIU Management Center should strive to become effective. The center will be judged on the basis of merit alone, he said. He advised the center to concentrate on scientific research, including lab experiments, field experiments, field studies, and case studies to be able to develop a body of knowledge. ,

Shuja Nawaz (discussant) started his comments on the paper by saying that it is far too broad and meant for a financial center rather than a management center. He posed a question: What does the term Islamization mean? Islam has moral, social and ethical values and the center should be guided by this definition, he suggested. He was interested in a practical strategy for the center. Can the center meet all the demands set out in the paper?, he asked. He felt that the areas of consensus are not clearly defined in the paper. He explained that management research is a spin-off activity, and we need to first establish the research demand from client organizations. He advised the center to target big-ticket organizations for research and consultancy assignments.

Hamzah Ismail (discussant) appreciated the paper. He said the paper presents a broad picture, which is what we need to launch a management center. We do not need to look to West for ideas, he said. He advised the center to define its own image and let the West emulate it. No knowledge is value-free, he said. Hence the center should be established on the basis of Islamic knowledge available to us, he argued.

The following comments were made from the floor.

- \* The paper could have included such dimensions as research environment, motivation for research, research organization, etc.
- \* The present campus should be exclusively devoted to school of management and IIU Management Center because of the strategic location. The rest of IIU can move to new campus.
- \* The center should be autonomous.
- \* The research consultants should be aware of local culture. The selection of people for research should be done carefully. '
- \* Research should be empirical based on priorities.
- \* Start "search conferences" to identify areas of research which would help in realistic assessment of research needs.
- \* There is a pressing need to develop research base to avoid duplication.
- \* There should be a sharp focus on courses on research methodology and technology.

- \* Teachers need to be trained in management research methodology.
- \* Annual meetings should take place to share research results and get feedback on research proposals.

The chairman made concluding observations. He said effective management techniques are not necessarily in conflict with Islamic way of thinking. The center should establish its objective function carefully, he advised. .

# RECOMMENDATIONS

Shuja Nawaz

The three-day Meeting of Experts was held at the International Islamic University (IIU), Malaysia in Petaling Jaya, and was organized by IIU in collaboration with the Islamic Development Bank (IDB), Jeddah. Participants, in addition to 15 staff members of IIU, included, 27 persons representing Malaysian enterprises and universities, academics from other countries, and multilateral institutions. The principal purpose of the meeting was to produce a practical and practicable plan of action for setting up and making operational the IIU Management Center.

The meeting was guided in its work by certain agreed overarching objectives for the IIU Management Center. These were as follows:

- The IIU Management Center was to function under the aegis of IIU with gradually increasing autonomy, as needed, to ensure its efficient and effective operation.
- The main purpose of the IIU Management Center would be teaching management and business administration, with other activities, such as consultancies, research, publishing, etc., to be conducted as ancillary or parallel operations.
- The underlying concept of the IIU Management Center would be, to provide management education and conduct research based on Islamic values and ethics.
- The IIU Management Center would aim to function in accord with and support of Vision 2020 and help Malaysia attain the goals embodied in that quest.

The IIU Management Center would strive to be a center of excellence in its field for participants from Malaysia and other Muslim countries.

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Shuja Nawaz is Chief, Administrative Division, IMF Institute, International Monetary Fund, Washington DC, U.S.A.

The meeting received its initial impetus and support from Honourable Dato' Seri Anwar Ibrahim, Deputy Prime Minister, Minister of Finance of Malaysia and President of IIU, when he spoke to participants at a dinner on the eve of the meeting. He stressed the importance of effective ethical management to allow Muslim countries to ride over the turbulence of our times and overcome global competition. These thoughts were echoed and elaborated by the Director General of the Economic Planning Unit, Prime Minister's Department, and the Rector, Dr. Abdul-Hamid Ahmad AbuSulayman, *on the opening day of-the meeting.*

Five papers provided the basis for discussion and drafting of the formal recommendations by the experts. Each paper was presented by its author and then analyzed first by formal discussants and then by the meeting at large. There was vigorous exchange of views and lively debate *on many issues*, particularly *on the underlying aims of the IIU Management, Center.* In the end, the overarching themes that would guide the work of the center (listed earlier) were accepted, by consensus and discussion proceeded rapidly to practical matters. The following papers were presented:

1. "IIU Management *'Center Concept and Proposed Constitution'*". by Syed Abdul Hamid Al-Junaid, Dean Kulliyah of Economics and Management, IIU.
2. "Consultancy and Advisory Services -- Scenario and Strategies", by Mirza Saiyadain of the School of Management, University Sains Malaysia.
3. "Training Trainers in International Business", by Claude Cellich, Chief, Training Section, Division of Trade Services, ITC (UNCTAD/GATT) Geneva.
4. "Executive Education", by Syed Aziz Anwar, Associate Professor, Department of Business Administration, Kulliyah of Economics and Management, IIU.
1. "Management Research and Dissemination of Research Findings", by Mohamed Ariff of National University of Singapore, now Visiting Scholar, Faculty of *Economics and Commerce*, University of Melbourne,, Australia.



The ensuing discussions placed executive education at the heart of the proposed IIU Management Center activities. Participants also underlined the importance of establishing links with the business community in Malaysia and in other countries, not only for its moral and financial support, but also to draw its talent as adjunct teachers, to help guide the work of the center and to provide a training ground for graduates through internships. Another important issue was the provision of adequate financial and other incentives for staff and teachers at the IIU Management Center so that it would serve as a magnet for attracting talent from across the globe.

From the discussions on each paper dealing with the operations of the IIU Management Center emerged a drafting committee that summarized that principal objective of each activity and then listed in order of priority the other aims and activities recommended in that area. These reports were then discussed in a final session after a presentation by the Chief Rapporteur, Shuja Nawaz. Nawaz was entrusted with the job of drafting the final report of the meeting. The Dean, Abdul Hamid Al-Junaid, was asked to review and revise the proposed constitution in light of the discussions.

The proposed aims and recommendations pertaining to each of the four major activities of the IIU Management Center were drafted by small groups formed towards the end of the deliberations of the meeting. These are as follows.

#### **I. Executive Education**

The main goal of executive education is to develop business leaders and entrepreneurs (generalists and specialists) with requisite knowledge and skills in a changing global environment.

Some specific objectives of executive education are as follows.

1. To stimulate interest in continued self development in executive education,
2. To review current research findings in the functional management and behavioral science areas, with emphasis on how they can be applied to organizations.

3. To enhance analytical capabilities of participants to diagnose problems more effectively,
4. To broaden perspective of the challenges and opportunities in the changing business environment,
5. To develop framework and techniques for implementing effective organizational change.
6. To enhance the ability to make the transition from the role of a functional manager to senior - level management.

**Sequencing priority.**

The IIU Management Center should sequence its priorities as follows.

1. To promote career and entrepreneurship development.
2. To conduct professional courses, including diploma courses.
3. To launch an executive MBA program.

**II. Training Trainers**

The IIU Management Center should seek to provide short-term, highly focused skill, problem and issue-oriented quality training. Other objectives are as follows.

1. To provide training programs at the national level and encourage participation from Islamic countries.
2. To develop practical training materials including, in particular, case studies, in light of local and international needs.
3. To develop a core of resource persons knowledgeable in training technologies with practical business experience.
4. To publish practical manuals on critical business issues.
5. To carry out training needs analysis in Malaysia and Muslim countries on an on-going basis.
6. To collaborate with Islamic and other international institutions in offering training programs and joint research, including training needs analysis.

## Action Plan

1. Appoint a working committee of business representatives from the following sectors.
  - i) Banking and finance
  - ii) Energy
  - iii) Primary industry
  - iv) Heavy industry
  - v) Entrepreneurial development agencies

Appoint training coordinator (secretary). This group would help maintain links with the business community and help ensure the relevance of the training programme.

2. Appoint a coordinator in-charge of training.
3. Contract specialists to carry out training needs identification/analyses.
4. Develop proposed training programs and calendar for next 3 years.
5. Hire and prepare core group of trainers.
6. Launch and promote first program in first half of 1994 in target organizations.

Each program will have a course manager who will coordinate all activities related to the successful implementation of the program. (The center should provide all secretarial/support facilities).

Each program should be cost effective.

7. Develop a formal evaluation and feedback system of training programs.
8. Maintain close links with client organizations on an on-going basis.

### **III. Consulting and Advisory Services**

The main objective of consulting and advisory services is to provide professional advice to client organizations. Specific objectives are as follows.

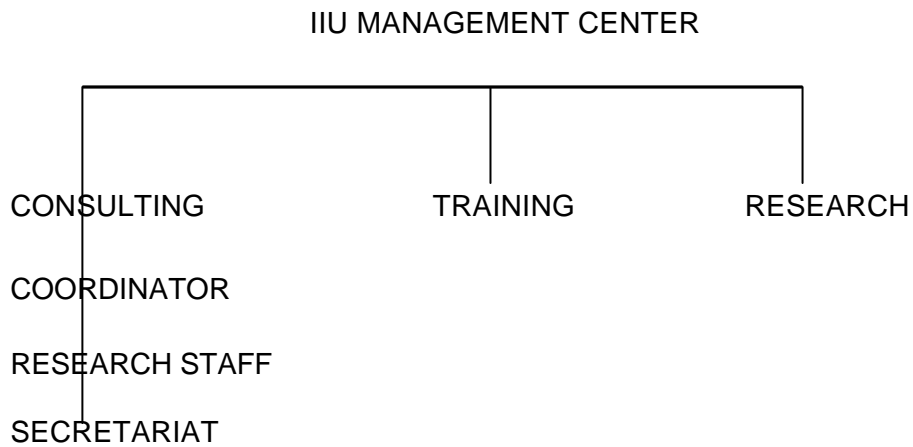
1. To help client organizations in identifying, defining, and solving problems.

2. To enhance internal capabilities in client organizations to meet future challenges.

#### Activities

1. To develop scenario description by identifying consulting needs of organizations.
2. To develop data base and other capacities for consulting activities.. '
3. To organize workshops, seminars, and other relevant activities to create awareness for the services available.
4. To undertake specific consulting assignments.
5. To develop cases and other teaching material based on acquired knowledge without violating the confidentiality of information and clients' identity and trust.

# ORGANIZATION STRUCTURE



Assuming that all faculty members would be involved in all three activities, the coordinator would identify faculty members who possess qualifications, expertise and interest for a specific consulting project for the duration of the project. A matrix organization would be ideal for the actual conduct of the project.

In addition, the coordinator would also be responsible for external relations and internal activities of the unit.

Item 4 of activities: series of activities to be undertaken in connection with a consultancy assignment.

1. Preliminary meeting
2. Developing and finalizing proposal
3. Conducting study
4. Making presentation of findings
5. Submitting report
6. Helping in implementation of recommendations.

#### **IV. Management Research and Dissemination of Findings**

- Research should generate a body of knowledge to aid teaching of Islam - based management (e.g. case studies, simulations, etc.) defined as ideas, practices, and principles in accord with Islamic values of welfare, equity, justice and experience in Islamic history, to foster effective and efficient use of resources (*"Husnat Tadbeer "*).
- The center should be involved in the collection and collation of existing literature relevant to the above.
- The center should disseminate research findings and knowledge.

#### **Principal activities in order of priority and timing**

- \* Write case studies.
- \* Disseminate research findings and act as clearing house in Islamic world.
- \* Set up database/databank on management - related resources and specialists in Islamic world. .
- \* Collect and conduct. research in business, management, economics.
- \* Publish newsletter - to announce Journal and serve as link with supporting constituency.
- \* Publish research index.
- \* Establish flagship journal - refereed and with a high level board of editorial advisors and referees.
- \* Working papers
- \* Occasional papers
- \* Set up mailing list
- \* Hold symposia, workshops, and conferences, where possible in collaboration with other institutions.
- \* Organise lectures by visiting speakers/experts.

# CONCLUDING REMARKS WAN

MOHAMMAD ZAHID MOHAMMAD NOORDIN

I feel privileged to be in the company of eminent scholars and very honored to have been given the opportunity to officially close the Meeting of Experts on IIU Management Center after three days of extensive and productive deliberations on various topics related to Islamic management. This meeting has taken place at the most appropriate time because with the establishment of the IIU Management Center we have a place for Muslim managers to meet and confer on issues pertaining to management. Such issues today are becoming more and more complex and complicated.

In this modern world, progress and advancement in every human endeavor evolves around the establishment of organizations and corporations. This makes the role of managers crucial for success and progress in most human endeavors. This makes management tasks quite important and, therefore, need to be conducted as effectively as possible. In fact, 'zero defect' management and administration is practically a must these days.

The world situation of today puts managerial tasks at a pinnacle. The times are turbulent. Organizations have to face unpredictable and rapid changes. As such, managers know that they cannot reach out to old, familiar management practices that used to work successfully in the past. There is need to look for new ways and techniques to handle and resolve managerial issues. Given this state of world conditions, the organizations and corporations require the manager, more than ever before, to perform par excellence.

However, in many organizations of the present times, especially in the Western world and in the non-Islamic sections of the world, managers

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YB Dato' Dr. Wan Mohammad Zahid Mohammad Noordin is Director General of Education, Ministry of Education, Malaysia.

are facing a major crisis. This crisis is in the area of work ethics which is at very low level.

It would seem that there is difficulty in maintaining a balance between work ethics that upholds moral and ethical values and obtaining maximum productivity and profits. It would seem that to ensure the latter one has to forego the former. As such, honesty, sincerity, kindness, straight-forwardness, trustworthiness, consideration for others - in short, "humanness" is taking a distant back seat!

Despite the progress and advancement that the Western world can proudly claim to have achieved, unfortunately spiritual and moral values have been "sold out" to excessive quest for materialism. As a result of this, the menacing evil of corruption, unscrupulous ways to gains and profits, illegal practices and the like are fast spreading like an epidemic.

With the world fast becoming a "global village" and "borderless", we might find these elements and traits spilling over to Islamic organizations too. Muslim managers are duty-bound to arrest and stop this from happening. If we do not take steps now, we might find our very own management skills based on Islamic values and concepts suppressed and dysfunctional. It is in the light of this phenomenon overcoming us that the Muslims cannot sit back and permit the injection of contemporary but inappropriate ways into our organizations. We cannot allow managerial tasks to be conducted only by touching the periphery of our values and principles.

As such it is meetings amongst Islamic management experts like the one that has just taken place here, are of so much importance. Meetings and discussions amongst managers with diverse and varied experience will help to identify problem areas in management and provide practical solutions for them.

Even more important for us to note is that with the expanding tasks of management, Muslim managers face a diversity of management problems and issues. The solutions to problems in Islamic organizations are not found by way of transplanting alien administrative systems or theories. We must develop our own management systems which can relate to our value, systems, cultural heritage and societal norms. This is not to say that Islamic institutions should not borrow from other systems or be open to



modern management innovations. On the contrary, we should be receptive to the entire heritage of human achievements, especially in the field of organizations and management.

However, we must ensure that we can operate and conduct managerial tasks on explicit Islamic virtues. Without doubt, that use of the Quranic approach (Tawhidic approach) by way of the practice of Shurah, Nasiha, Kafalah, Amanah and others needs to be given emphasis and the notion of its applicability widened.

The search for a methodology of Islamic management based on the application of basic Islamic concepts should be pursued with zeal and enthusiasm by all Islamic scholars. TDM, for example, with its emphasis on process, enjoining the worker to be inner rather than other-directed, is not unfamiliar to Islam. Islam enjoins all believers to internalise the omnipresence of *Allah* (SWT). *Allah* sees and knows every detail of our acts, the depth and the breadth of our commitment, sincerity and honesty. From the Islamic perspective, the Islamic worker does not require the presence of a superior or to fear surprise checks, for this may be at odds with aqidah because we are enjoined to fear *Allah* (SWT), not man.

Man, to be sure, has limits in his supervisory capability but the supervisory capability of *Allah* (SWT) is limitless. *Allah* (SWT) is everpresent, ever-knowing and ever evaluating our every move and act.

The emphasis on process and commitment in TDM rather than on quality control or detection is basically an attempt at transferring supervision from being an external force to being an internal one. In this manner, management control in the old sense of the term can be reduced and productivity of the worker improved. Workers will be regulated by the superego morality, needing no outside supervision.

Islam has all the ingredients of the so-called superego morality-based management which could be exploited and made to yield handsome outcomes. The performance of solat is a good example. It is a concept that could be developed and transferred into the area of management.

As every Muslim knows, the performance of solat is preceded by the taking of wudhu or ablution. You cannot perform solat without wudhu.

Every Muslim also knows that when wudhu becomes void or cancelled, so to speak, even midway in the performing of solat, it ceases the act of praying. He does not continue with the prayer because even if no one else knows, but *Allah (SWT)* knows. Thereupon he withdraws from prayer to perform ablution again. This is a case of internalization par excellence of basic Islamic principles. True, *Allah (SWT)* is always present and knows exactly the state of one's cleanliness in *solat*.

The internalization of the omnipresence of *Allah (SWT)* in prayer, ironically disappears in the performance of work. Otherwise, we will not have cases of negligence and low productivity. There is a contradiction here which can be resolved. We have the strength of deep internalization of the supremacy of *Allah (SWT)* in worship. What is required is bridging the gap to enable the Muslim worshiper, to make transition or hijrah to the Muslim, worker. When this transition is made, contradiction disappears and harmony emerges. . . .

This example is simple, but, it is certainly instructive. This meeting's recommendations indicate that there is need to further step up our efforts in the areas of research, executive education, consultation services and training, related to management.

To ensure we do not bury ourselves with even minor managerial problems, the aspect of training is one which should be taken: as indispensable. Trained management personnel can perform with greater efficiency and confidence. They will exhibit leadership qualities and will hence promote the applicability of Islamic ways in management..

Having extensive consultation services is definitely an asset too. Many organizations need to make fast, expedient decisions. The growing complexity of this aspect of management tasks requires managers to really do in-depth thinking which takes a lot of time. However, there is always the pressure for a quick decision and it has to be a good one. With this situation being quite common, the presence of consultation services would definitely be a blessing for, most managers. .

In the areas of education and research, we need to spread the know-how on the acquisition of managerial skills based on Islamic principles.

We also have to find ways to solve managerial problems on the explicit understanding of our beloved faith.

The management arena of today gives Muslim managers many challenges. Thus, Muslim managers must take the initiative to ensure the further internalization of our values and concepts. *Insha Allah*, the various recommendations forwarded by the meeting of Islamic experts in the areas of research, executive education, consultation and training will help managers in carrying out their tasks accordingly.

I take this opportunity to express my deepest gratitude to all the eminent experts who contributed their ideas and knowledge. Your enthusiastic participation has allowed us to reach this successful end. In the language of the Malaysia people, *Terima Kasih* (Thank you). I hope, your stay here in Malaysia has been a pleasant one and I wish all of you a safe journey home.

However, I am sure, all of us feel that this end is only a beginning for many more meetings to come. I quote here a philosopher who once said: "it takes one to make the first brave step forward for the thousand steps to come". *Insha Allah*, we will meet again soon to further crystalize our understanding of Islamic management, so that we do not fail ourselves and fall short of our role as *Allah's* (SWT) *khalifah* / vicegerents in the management world.

*Bismillah* and with the Grace of *Allah* (SWT), I humbly declare the Meeting of Experts closed and may *Allah* (SWT) constantly guide us in our day-to-day management of our work tasks and duties.



# CONCLUDING REMARKS

Abad Ahmad

It is a matter of great privilege and honour to be invited to say a few words on behalf of the fellow participants at the conclusion of our deliberations. I would like to say that at the end of the day, it is gratifying to find that by the help of *Allah* (SWT), our deliberations have been fruitful and we have been able to draw a framework that will hopefully serve as the basis for the establishment of the proposed IIU Management Center.

We have had indeed enjoyable and intellectually stimulating three days of intense discussion. We were impressed by the deep commitment of the university and the Kulliyyah of Economics and Management to establish a center of excellence in management based on Islamic values.

The tone of discussion was set by a refreshingly new vision of the university and its philosophy of education shared by the Rector based on the basic tenets of *Tawheed*, *Khilafat*, and brotherhood. It helped us to discuss various ideas in this perspective. We perceived it basically to assist in clarifying the mission, objectives, priorities, strategy, structure and culture of the proposed center.

During deliberations, one clear theme that emerged was excellence of programs and services, competence and quality of the faculty, physical facilities and relationship of the proposed center with other centers of excellence in management in different countries. Another point which was clear was the international orientation of the university and the proposed center. We felt that the proposed center should have an open, knowledge-seeking approach to study all the models of management in the world and take the best points of each. We thought that the proposed center should keep its windows open for the breeze of fresh ideas to flow in from all directions, but it should not lose its identity.

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Dr. Abad Ahmad is Professor, Faculty of Management studies, University of Delhi, India.

This university has already achieved excellence, demonstrated by the success of its graduates in various spheres of life, which augurs well for the success of the proposed center. The participants at the meeting felt that gradualism would be needed in developing the proposed center for achieving its goals effectively.

The impressive development of Malaysian economy is being looked upon by many other developing countries as a model to learn from. Mahbubul Huq, chief architect of the Human Development Report 1993 has commended the human resource development efforts of South-East Asian countries, including Malaysia. According to the report, in these countries nearly one-third of the development budget has gone into human capital and two-thirds in physical capital. The proposal to establish the center is in the fitness of things. The development of the center would be, in our view, an important contribution for achieving Malaysia's Vision 2020.

During discussion, one of the concerns was about following the development model of the West, which has been riddled by frightening breakdown in social and ethical fabric. Modern economic systems seem to have inherent weaknesses and inequities at various levels. Most of the ills exist at the management level, and partly arise out of a lack of moral values. This only proves that values and actions are inseparable.

Islamic values are universal. Professional management and successful organizations practice Islamic values like egalitarianism, fair play, dignity of individuals, harmony and brotherhood, a win-win approach, value of money to customers, etc. without stating so.

An understanding of the basic values of Islam and their application in practice, not merely in ritualistic form, can provide a new paradigm for

Islamic education, economy and management

The world needs a new paradigm, and what you will be doing in this university will be looked upto by other countries, and especially the Muslim countries.

The proposed center will be doing great service to Malaysian economy as well to other countries by producing knowledge and professionals who are able to respond to the need for a value-based professional management.

The recommendations of this group have already been written down and shared in the last session by Shuja Nawaz. All of us feel that one of the major gains to all of us has been to develop a network of colleagues and to know each other.

On behalf of the fellow participants in this memorable meeting: I would like to thank the honourable Dato' Seri Anwar Ibrahim, Deputy Prime Minister, Finance Minister of Malaysia, and President, International Islamic University, Malaysia, whose speech and thoughts were very illuminating, and who extended his warm hospitality to all of us on the very first day of our arrival here.

We would like to express our deep sense of appreciation and gratitude to the Honourable Rector, Dato' Dr. Abdul Hamid Ahmad Abu Sulayman who has taken keen interest in this meeting, and whose speeches and thoughts were a source of inspiration and guidance to all of us in our deliberations.

We would like to thank the Islamic Development Bank, Jeddah for supporting this event and the establishment of the center. Similarly, we feel grateful to the International Trade Center, Geneva for extending its professional support through Claude Cellich.

We are all highly thankful to Dean, Kulliyah of Economics and Management, Syed Abdul Hamid AlJunaid, who not only took initiative to call this meeting, but took extreme care to ensure that all arrangements are made meticulously and deliberations take place in the best possible manner. He took personal care for the comfort of each of the participants which we sincerely appreciate.

We thank all members of the organizing committee and all brothers and sisters in the teaching and administrative staff of the Kulliyah for putting in best possible efforts for a happy beginning and a successful conclusion of our deliberations. We would like to especially thank Syed Aziz Anwar, coordinator of the center who quietly took enormous pains to ensure the presence of all of us here and to make this workshop so successful.

We would like to thank the IIU for its kind hospitality and courtesies so lavishly extended to us. It provided us a great opportunity for sharing *our views with each other for a common goal and indeed an enjoyable stay in your beautiful country.*

We hope and pray to *Allah* (SWT) that the proposed center will be established *the way it is* conceived, *and will grow with time into a unique* Islamic institution of excellence;



# ISLAMIC DEVELOPMENT BANK (IDB)

## **Establishment of the Bank**

The Islamic Development Bank is an international financial institution established in pursuance of the Declaration of Intent by a Conference of Finance Ministers of Muslim countries held in Jeddah in Dhul Oa'da 1393H (December 1973). The Inaugural Meeting of the Board of Governors took place in Rajab 1395H (July 1975) and the Bank formally opened on 15 Shawwal 1395H (20 October 1975).

## **Purpose**

The purpose of the Bank is to foster the economic development and social progress of member countries and Muslim communities individually as well as jointly in accordance with the principles of *Shari'ah*.

## **Functions**

The functions of the Bank are to participate in equity capital and grant loans for productive projects and enterprises besides providing financial assistance to member countries in other forms of economic and social development. The Bank is also required to establish and operate special funds for specific purposes including a fund for assistance to Muslim communities in non-member countries, in addition to setting up trust funds.

The Bank is authorized to accept deposits and to raise funds in any other manner. It is also charged with the responsibility of assisting in the promotion of foreign trade, especially in capital goods among member countries, providing technical assistance to member countries, extending training facilities for personnel engaged in development activities and undertaking research for enabling the economic, financial and banking activities in Muslim countries to conform to the *Shari'ah*.

## **Membership**

- The present membership of the Bank consists of 48 countries. The basic condition for membership is that the prospective member country should be a member of the Organization of the Islamic Conference and be willing to accept such terms and conditions as may be decided upon by the Board of Governors.

## **Capital**

The authorized capital of the Bank is six billion Islamic Dinars. The value of the Islamic Dinar, which is a unit of account in the Bank, is equivalent to one Special Drawing Right (SDR) of the International Monetary Fund. The subscribed capital of the Bank is 3,654.78 million Islamic Dinars payable in freely convertible currency acceptable to the Bank.

## **Head Office**

The Bank's head office is located in Jeddah in the Kingdom of Saudi Arabia and the Bank is authorized to establish agencies or branch offices elsewhere.

## **Financial Year**

The Bank's financial year is the Lunar Hijra year.

## **Language**

The official language of the Bank is Arabic, but English and French are additionally used as working languages.



**ISLAMIC RESEARCH AND TRAINING INSTITUTE ISLAMIC DEVELOPMENT BANK . TEL  
6361400 FAX 6378927 / 6366871 TLX 601137/601945 CABLE: BANKISLAMI P.O. BOX  
9201 JEDDAH 21413**