Chapter XV
Trust in Organizations:
An Islamic Perspective

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ABSTRACT

Recent changes in the overall global business atmosphere, for example, opening of economies, increase in exchange relations, volatility of the business environment, innovative products and services, rapidly changing markets, and knowledge-based firms and information-based systems all demand quick sharing of quite sensitive information. This swift sharing of sensitive information is a major source of competitive advantage in today's age and is not possible without trustworthy relationships of top management with external as well as internal customers (employees) of a business. Islam is the second biggest religion in the world with over 1/4th of the world's population as its followers. Where traditional literature believes that long-term relationships result in trust development, Islam considers that trust development results in building and maintaining long-term relationships. This chapter is specifically meant to highlight the role of trust from an Islamic perspective in a leader-followers relationship as well as a leader-customers relationship.

INTRODUCTION

Recent changes in the global business atmosphere have tremendously increased the requirements, which a business has to fulfil to remain competitive. The latest developments such as fast changing technologies, increase in exchange relations, interdependence of businesses, complex and knowledge based firms with their innovative ways to survive and thrive, customer care complexities, and swift relationship building requirements, etc., can only be handled with trust based relationships both within and outside an organization. In the world of far reaching technological advances and information based productions systems, which require a frequent sharing of sensitive information,

trust becomes an even more important element (Bachmann & Lane, 1998).

As an important mechanism for coordination (Bradach & Eccles, 1989), trust has truly become a major source of competitive advantage in today's world. Especially due to shifting of organizations from formal/traditional organizational structures to a more flexible and group oriented atmosphere mostly on short-term basis, organizations need to build up methods for development of a swift trust. (Meyerson, Weick, & Kramer, 1996)

Religion on the other hand, has a major impact on human behavior, social interactions, and relationships (Abuznaid, 2006). Islam, which is the second biggest and fastest growing religion in the world (Armstrong, 2000) is often thought to be a misunderstood religion (Qutb, 1997). It is a complete code of conduct, which provides guidelines about every aspect of life including business. However, if we look into the literature, although there has been a lot of work in the western literature on "trust" but Islamic viewpoint on "trust" or "trust based leadership" has always remained a secret. This work is specifically meant to bridge the gap by eradicating such misconceptions, unveiling Islamic viewpoint on trust, highlighting the role of trust in leader-followers and leader-customers relationships and providing some clear guidelines to the business managers and leaders of Islamic world in their own religious/cultural context as to how trust can be made helpful for their business growth.

For this purpose, a trust based Islamic leadership model has been developed which highlights various trust based relationships within and outside an organization. Although all the relationships included in the model are important but we, in this article, after giving a brief introduction of the model as a whole, will be more focusing on role of trust in relationship of a leader with his followers and customers.

In context of leader-followers relationship, the renowned leadership model from Hersey and Blanchard (2006) has been amended/adapted

according to Islamic teachings to assist Islamic leaders/managers in delegation of power process keeping in view the capabilities and willingness of their team members. For this purpose, four different levels of trust (T1, T2, T3, T4) have been identified which a leader can afford to exhibit for four different types of followers (R1, R2, R3, R4). Two case studies from Motorola and Bank Alfalah have also been included in this context. Whereas two other case studies (1) Grameen Bank (Bangladesh) and (2) Kashf Foundation (Pakistan) have been used to highlight the role of a leader's trust on customers in enhancement and expansion of a business.

BACKGROUND

Literature Review

Trust has got reasonable attention by different literatures of social sciences, for example Lewicki and Bunker (1996), Gambetta (1988), Saparito, Chen, and Sapienza (2004), and Langfred (2004) etc., and every literature has touched the issue from its own perspective. For example "Trust in Organization" written by American authors Kramer and Tyler (1996) is focused on American organizations, which might not be suitable for Islamic organizations. Although the relationship between societal trust and superior performance of overall economies has so far received some attention (Fukuyama, 1995) however the key role that trust plays in a leaders relationship with his followers or customers, has not got its due weight age so far. Especially, if we look at the issue from Islamic point of view, no or a very little attempt seems to have been made to derive the lessons from the Holy Seerah when we study it from power perspective (Siddique, 1998).

The available literature mostly covers the cultural or religious issues of Islamic countries and in some instances also talks about Islamic leadership/management in general. For example,

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