

The impact of Globalization on Ethical Leadership: A critical explanation from *Tawhidic* Paradigm

Ashiqun Nabi
Graduate School of Management
International Islamic University Malaysia
Kuala Lumpur, Malaysia
e-mail: ashiq_480@yahoo.com

Suhaimi Mhd Sarif
Kulliyah of Economics and Management Sciences
International Islamic University Malaysia
Kuala Lumpur, Malaysia
e-mail: albanjari@yahoo.com

ABSTRACT:

This paper explains the impact of globalization in ethical leadership. According to the theory, Globalization is an elimination of barriers to trade, communication, and cultural exchange. The theory behind globalization is that worldwide openness will promote the inherent wealth of all nations. The globalization includes in the four important areas (i.e. knowledge, business, government, and society) can give significant impact on ethical leadership. The study obtained the opinions of 25 MBA and MOM students from Graduate School of Management through a survey on the impact of globalization on ethical leadership. The study found that globalization has a significant impact on changing people's perspective about the need to have ethical leadership in today's transnational corporations. The informants viewed that the Tawhidic paradigm offers spiritual dimension to educate and nurture people to ethical and influential in leading the globalization and the future. Nevertheless, the results of the study are constrained by the size of the sample and robustness of the analysis.

Key words: Globalization, ethical leadership, Tawhidic paradigm

INTRODUCTION

In recent years, globalization has played great role in nurturing and molding contemporary managerialism, leadership and competitiveness. The impact of globalization is enormous although globalization is a virtual phenomenon. In fact, literally, globalization is just a process of being borderless to create value for the people by exchanging money, product, ideas, and knowledge and so on. There are many views that define the globalization. Gaburro and O'Boyle (2003) argued that globalization can be viewed into two perspectives. The first perspective depends itself as entirely value-free even though its own hard-core grounds initiate in the philosophies of individualism and utilitarianism. The second perspective, which initiates in the philosophy of personalism, discovers no fault with being value-laden because in the final analysis there is no other way to proceed in evaluating the economic globalization that is by definition a value-laden task. In other words, the mainstream perspective brings to bear on this question only a few principles from positive economics. They also mentioned that, a larger set of principles from normative economics born by the personalist economics perspective.

Ethical Leadership can also be defined in many terms. It refers to a value based leadership which creates the corruption free and fair process of leading the people towards the prosperity and happiness. This globalization can impact in a very large scale on the ethical leadership. In this paper, we have tried to mention some of the impact of globalization on the ethical leadership by conducting survey among master's students and come up with the possible effect of globalization on the ethical

leadership and how we can benefit from this globalization through enhancing ethical leadership by embracing the Tawhidic Paradigm.

GLOBALIZATION

Ardalan (2010) contended advancement in computer and communications technology with the consequent expansion of free markets with the following benefits comes from Globalization: increasing global living standards, economic efficiency, individual freedom and democracy, and unprecedented technological progress. The state has to make sure that, the will only provide the legal framework for contracts, defense, and law and order. Government has to take some public-policy which should be connected and confined to measures that liberate the economy from social constraints: privatization of public enterprises; deregulation instead of state control; liberalization of trade and industry; enormous tax cuts; strict control of organized labor; and the reduction of public expenditures. Globalization has some priorities, which are: economic growth; the significance of free trade to stimulate growth; the unlimited free market; individual choice; the reduction of government regulation; and the advocacy of an evolutionary model of social development based on the western experience from around the world.

The final forms of human government are the western free-market democracy, western ideas and the worldwide spread of its consumerist culture will prove to be relentless. The fast marketalization of most social relations dedicated to self-interested economic calculation, the continual solving of technological problems, and the satisfaction of perpetual consumer demands can be met by the globalization. Globalization constitutes an irreversible process, and that Anglo-American norms and values underwrite the culture of the new world (Ardalan, 2010).

ETHICAL LEADERSHIP

Ciulla (1998) argued that leadership can be defined as a multifaceted moral relationship between people, which can be based on trust, responsibility, obligation, emotion, and a shared vision of the good. He also said that, heart of the leadership lies on the ethics or ethical values. Cardinal Joseph Bernardin of Chicago (2000) argued that when cited Massaro: “a consistent ethic of life.” Massaro’s highlights that this belief has its origins in the view that advocates: “... respect for all human life especially that of the vulnerable and outcast”. He goes on to say that: “... any attack against innocent life is an offence and potential threat to all human life”. So we can say that, leadership should be beneficial for the human life which is based on consistent ethical values. Bennis and Nanus (1985) has also expressed that vital responsibility of the leader is to create an ethical culture and the development and fostering of this.

IMPACT OF GLOBALIZATION ON ETHICAL LEADERSHIP

Ciulla (2004) noted that, “Globalization has created a host of new dangers that require a new kind of leadership – one that is, above all, collaborative”. If these leadership can not cope up with the environment created by the globalization, then it will create a destructive impact on the society. as noted by Coleman (2005): “Among the alleged negative effects of globalization is its insensitivity to human suffering” . There is thus a need for a model of ethical leadership that is aimed at addressing these pressing and universal problems, as expressed by Isaak (2005), we live in a global economy that should create a moral behavior and sustainable economic development that bring self-respect to both those who give and those who receive.

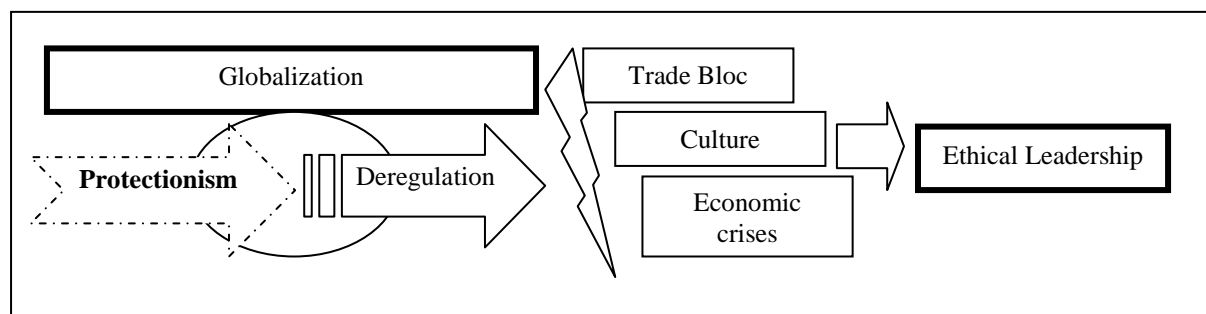
Therefore, this globalization needs some leaders who will handle all the facets of globalization to create good deeds to the people of the society through different types of culture and societal orientation. As Salih (2001) referred that, it was found that, social and cultural exclusion is one of the consequences of neoliberal globalization has been the marginalization of peoples.

Globalization has brought increased speed and the question posed in the research referred to those who can not keep up with this speed. Applying the principle of distributive justice to this characteristic of globalization, revealed that the market forces of the global economy do not ensure

social justice, as noted by Koenig-Archibugi (2003:1), and this leads to the marginalization of many people resulting in inequality and the „moral gap.“ It was noted by Isaak that we need to: “ ... slow down to become more human” (2005:36). If all people is eager to participate to the well being of the society through a ethical leadership then, this marginalizing (participate in the society) effects that globalization has had on much of the total population of the world, largely as a result of unfair economic structures, is well recognized.

Indeed the influence of globalization is inevitable due to the transformation of economy and social from domestic protectionism to liberalization and deregulations. However, a few challenges to speed up globalization at the expense of ethical values. Hence this may affect ethical leadership development. Figure 1 illustrates the challenges to develop ethical leadership within the influence of globalization.

Figure 1: Challenges to ethical leadership

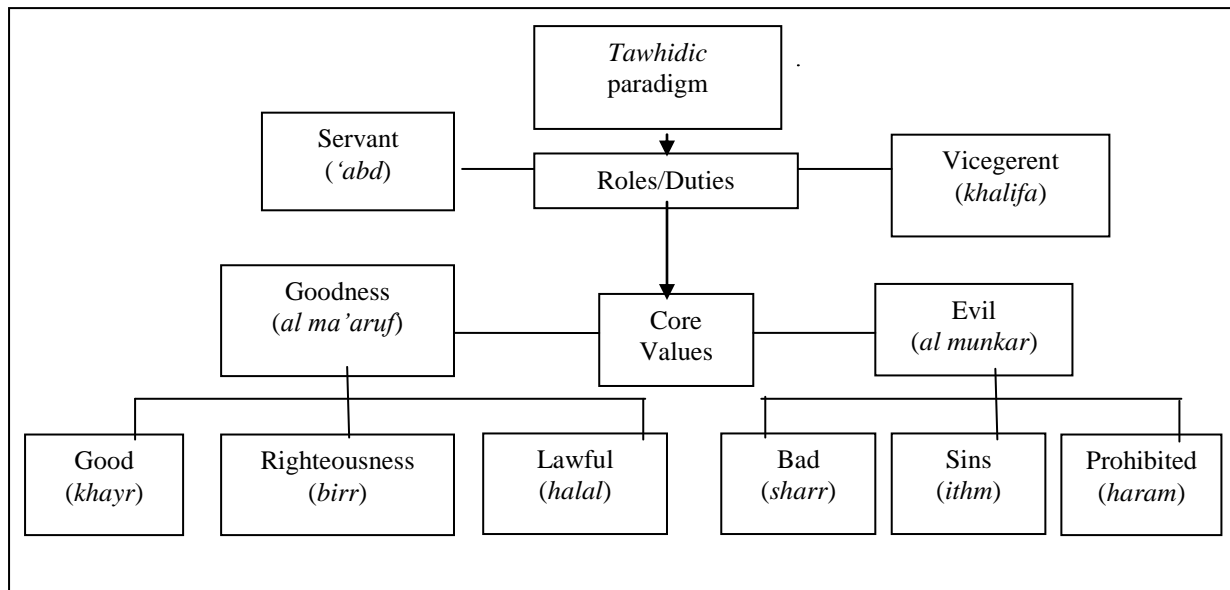


EXPLANATION FROM TAWHIDIC PARADIGM

The impact of globalization on ethical leadership can be explained from Tawhidic paradigm. Sarif and Ismail (2011a) argued Tawhidic paradigm implies ‘global’ thinking emotionally, cognitively and spiritually. Ismail and Sarif (2011) contended that Tawhidic paradigm is very essential element to spark ‘transformation’ as far as global dimension. Globalization from *Tawhidic* paradigm (Unity of God) that provides harmonious linkages between the worldly affairs (*al Dunya*) and the Hereafter (*al Akhirah*) in the context of business (Rahman, 1995; Beekun, 1997; Hamid, 1999). Based on this premise, globalization from *Tawhidic* paradigm directs ethical obligations vis-à-vis promoting goodness (*‘amr bil ma’aruf*) and preventing evil (*nahi anil munkar*) (Beekun, 1997; Hamid, 1999). Prerequisites to one’s execution of the fundamental duties are possession of knowledge (*al ‘ilm*), true conviction (*al iman*), and integrity (*al ihsan*) (Mawdudi, 1991; Laming, 2002; Ismail, 2004). Knowledge incorporates broad concept of *ma’aruf* which includes goodness (*al khayr*), righteousness (*al birr*) and lawful (*halal*) which deserve positive rewards (*ajr*) (Mawdudi, 1991). *Munkar* includes bad (*sharr*), sins (*ithm*) and prohibited (*haram*), which are related to corresponding punishment (*al ‘idam*) (Mawdudi, 1991). Thus, ethical leadership can be established through the subscription of Tawhidic paradigm along with the good deeds prescribed in Islam (Sarif & Ismail, 2011b, 2011c).

Sarif and Ismail (2011c) operationalized Tawhidic paradigm into global ethical leadership. Figure 1 depicts three main components that Islamic worldview, namely (a) *Tawhidic* paradigm, (b) roles/duties, and (c) core values. The *Tawhidic* paradigm reflects true submission to Allah and absolute devotion to His Commandments. As a result of the recognition of *kalima shahaada*, man has to resume two fundamental yet inter-related roles – servant and vicegerent of Allah. The roles must be implemented with due diligence – trust and justice.

Figure 2: Fundamental Principles of Tawhidic paradigm



Globalization has a great impact on ethical leadership but it has to be aligned with the Tawhidic paradigm (Unity of God). Globalization can bring lots of innovation in the knowledge, business. Government, Society but this innovation has to be compliance with the Islamic rules which main objective will be to please Allah SWT (Unity of God). According to the Tawhidic paradigm, we can innovate many things through globalization (border less) but we have to make sure that, all things must be beneficial to the society at large. Every Muslim must strive for the knowledge which is compulsory for them but according to the Tawhidic paradigm, we have to make sure that, our knowledge must be beneficial to the society and through this knowledge we will be able to please Allah SWT.

Government has lot of things to do towards its people. Government has to take various initiatives to get benefit through globalization. In the mean time government has to make sure that, none of the initiative is against the rule of Allah SWT. As a servant of Allah SWT, we are the general people also have some responsibilities which will help the government to tackle the bad impact of globalization. There are numbers of bad culture, rude attitude are being imported from various countries to countries through globalization. In that case, we have to make sure that, all cultures and innovation is in accordance with the principals of Allah SWT. We should not take those cultures which does not bring any benefits and which does not enhance our ethical leadership (e.g. Western Culture). If we can manage these activities in accordance with Allah SWT, then hopefully this globalization will be beneficiary for the country at large.

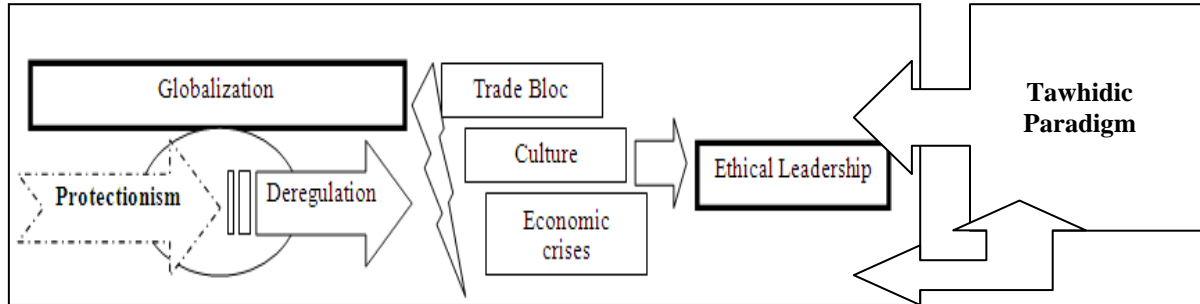
Globalization influences organizational leadership to be effective and ethical (Ford & Ismail, 2006). Globalization has the potential to homogenize or differentiate ethical values of human society (Bhawuk, 2008). Most organizations that have global network or work with organizations globally tend to subscribe managerialism and ethical leadership that transcend through the transactional networks (Roberts, Jones III, & Fröhling, 2005). Voegtlin, Patzer, & Scherer (2012) argued that the nature of ethical leadership process is derived from “deliberative practices and discursive conflict resolution” that include the “macro-view” of the business firm as a political actor with the “micro-view” of leadership.

According to Beheshtifar, Esmaeli, & Moghadam (2011), managers must establish and encourage norms, roles, and rules for efficient application to known tasks, but must also be sensitive and responsive to change by employing sensitivity, problem solving and decision making strategies that allow for adaptation. Poff (2010) contended that central issues to ethical leadership remain in the issues of social and distributive justice particularly in the global capitalism context. However, Harris

(2010) argued that the Niccolò Machiavelli's ethical values and leadership ideas remain in the global capitalism era.

The study proposed that ethical leadership can be enhanced and synergized using Tawhidic paradigm approach. Although ethical leadership is based on ethical relativism (which is not theologically driven), the presence of Tawhidic paradigm that guided by the mercy of God (*rahmatan lil 'alamin*) could do well. Figure 3 presents the framework of the study.

Figure 3: The Framework of the Study



METHODOLOGY

This study used an opinion survey with postgraduate students of Graduate School of Management (GSM), International Islamic University Malaysia. The selection of the respondents is based on convenient random sampling from 200 postgraduate students. The study secured 25 respondents (12.5%).

Table 1: Profile of Respondents:

| Respondent | Gender | Age | Program | Country |
|------------|--------|-----|---------|------------|
| R1 | Male | 23 | MBA | Malaysia |
| R2 | Male | 25 | MMgt | India |
| R3 | Male | 24 | MBA | Bangladesh |
| R 4 | Female | 23 | MBA | Iran |
| R 5 | Male | 23 | MBA | Malaysia |
| R 6 | Male | 27 | MBA | Malaysia |
| R 7 | Male | 24 | MBA | India |
| R 8 | Male | 30 | MBA | Sri Lanka |
| R 9 | Male | 26 | MMgt | Malaysia |
| R 10 | Male | 26 | MMgt | Maldives |
| R 11 | Male | 25 | MMgt | Guinea |
| R 12 | Female | 34 | MBA | Malaysia |
| R 13 | Female | 22 | MBA | Malaysia |
| R 14 | Male | 27 | MBA | Malaysia |
| R 15 | Male | 26 | MBA | Malaysia |
| R 16 | Male | 26 | MBA | Malaysia |
| R 17 | Male | 28 | MMgt | Kenya |
| R 18 | Male | 23 | MMgt | Malaysia |
| R 19 | Male | 23 | MBA | Malaysia |
| R 20 | Male | 24 | MBA | Malaysia |
| R 21 | Male | 25 | MMgt | Malaysia |
| R 22 | Male | 25 | MMgt | Somalia |
| R 23 | Male | 23 | MBA | Indonesia |
| R 24 | Female | 26 | MBA | Nigeria |
| R 25 | Male | 26 | MMgt | Malaysia |

There are some questions which have been asked to the respondents to get their opinion about the globalization and ethical leadership. Questions are given below:

- 1) Do you believe that, globalization has a positive impact on ethical leadership?
- 2) Should globalization be encouraged to create ethical leadership?
- 3) Does globalization change the people's values and norms?
- 4) Does globalization hampers ethical leadership?
- 5) Does tawhidic paradigm have a positive impact on ethical leadership?
- 6) Can tawhidic paradigm help the people to manage the impact of globalization?
- 7) Does Tawhidic Paradigm bring values for the countries?
- 8) Should Tawhidic paradigm be introduced in the current world to get the positive impacts of globalization?

FINDINGS & DISCUSSION

Based on the eight questions asked to the MBA & MOM students, we come to know that, the globalization has a positive impact on the ethical leadership if we can manage it properly based on the ethical values. Therefore, most of the respondents said that, we should encourage the globalization to create ethical leadership but we have to make sure that this is aligned with the ethical principals. The results show that almost 35 percent of respondents were not sure whether globalization can change the people's values and norms. In other words, some respondents could not assure that, whether the impact of globalization does hamper the ethical values of the leader or not. But they think that, globalization should be encouraged if it does complies with the ethical values such as *Tawhidic* paradigm. Moreover, 95 percent of the respondents mentioned that, *Tawhidic* paradigm has a positive impact on the ethical leadership. These values can be very significant to create more ethical leadership in the contemporary era.

Almost all of the respondents has agreed that, if we can articulate the *Tawhidic* paradigm (unity of God), then we will be able to manage the impact of globalization vary nicely. As we all know that, many of the countries are being suffered because of the bad impact of the globalization. Therefore, as most of the respondents said that, if we can introduce the Tawhidic paradigm and articulate in our daily life then we will be able to manage the impact of the globalization perfectly which will enhance the ethical leadership.

CONCLUSION

As we are living in the modern world where it is very critical for the country to appreciate the globalization, we should be very careful about the bad impact of the globalization. We should not just simply provoke the globalization unless we can manage it properly. Globalization will help the country to boost their financial, economical, societal status in the mean time it can destroy the moral values of the people influenced by the western motives. Therefore, Muslim countries should be very conscious about the globalization and manage it properly with the accordance with the Tawhidic paradigm. If we can embrace Tawhidic Paradigm in our decision making then globalization will be very beneficial for the people since Tawhidic paradigm offers spiritual dimension to educate and nurture people to be ethical and influential in leading the globalization through out the world.

REFERENCES

- Al Faruqi, I.R. (1992). *Al Tawhid: Its implications for thought and life*. Herndon, Virginia: International Institute of Islamic Thought.
- Ardalan, K (2009). Globalization and culture: four paradigmatic views. *International Journal of Social Economics*, 36 (5), 513-534.
- Beekun R.I. (1997). *Islamic business ethics*. Herndon, Virginia: IIIT.
- Beheshtifar, M., Esmaeli, Z., & Moghadam, M.N.(2011). Effect of moral intelligence on leadership. *European Journal of Economics, Finance and Administrative Sciences*, 43, 6-11.
- Bhawik, D. (2008). Globalization and indigenous cultures: Homogenization or differentiation? *International Journal of Intercultural Relations*, 32 (4), 305-317.
- Ciulla, J. B. (1998). Leadership ethics: mapping the territory. In Ciulla, J. B. (ed). *Ethics, The Heart of*

- Leadership*. Westport: Quorum Books.
- Ciulla, J. B. (2004). Ethics and leadership effectiveness. In Antonakis, J., Cianciolo, A. T., Sternberg, R. J., (eds), *The Nature of Leadership*. London: Sage.
- Coleman, J. A. & Ryan, W. F. (eds) (2005). Globalization and catholic social thought: present crisis, future hope. *Maryknoll. N.Y.: Orbis*.
- Ford, D. & Ismail, K. (2006). Perceptions of effective leadership among Central Eurasian managers: A cultural convergence–divergence examination within a globalization context. *Journal of International Management*, 12 (2), 158-180.
- Gaburro, O., & O’Boyle, E.J. (2003). Norms for evaluating economic Globalization. *International Journal of Social Economics*, 30 (1/2), 95-118.
- Hamid, A.W. (1999). *Islam the natural way*. London: MELS
- Harris, P. (2010). Machiavelli and the global compass: ends and means in ethics and leadership. *Journal of Business Ethics*, 93 (suppl. 1), 131-138.
- Isaak, R. A. (2005). *The globalization gap: how the rich get richer and the poor get left further behind*. Upper Saddle River N.J.: Prentice Hall.
- Ismail, Y. (2004). *Mengurus secara Islam: model dan prinsip-prinsip pengurusan Islam bagi individu dan Organisasi (Managing with Islam: Models and principles of Islam for individuals and organizations) (2nd Ed.)*. Kuala Lumpur: A. S. Noordeen.
- Ismail, Y. & Sarif, S.M. (2011). The role of Tawhidic Paradigm in the transformation of management system. In Zulkepli Abd Ghani, Musa Abu Hassan, Mohd Rusdhan Mohd Jailani, and Khatijah Othman, *Prosiding Seminar Transformasi Sistem Pengurusan Islam di Malaysia 2011 (Proceedings of the National Seminar on Islamic Management Systems Transformation (Trans-SPI)(pp.127-148)*. Kuala Lumpur: Islamic Science University Malaysia (USIM).
- Jones, M.T. & Millar, C. (2010). About global leadership and global ethics, and a possible moral compass: an introduction to the special issue. *Journal of Business Ethics*, 93 (suppl. 1), 1-8.
- Koenig-Archibugi, M. (2003). Globalization and the challenge to governance. In Held, D. and Koenig-Archibugi, M. (eds) 2003. *Taming Globalization. Frontiers of Governance*. Cambridge: Polity.
- Laming, S. (2002). *Knowledge in human society (selected themes of Al Quran: universe, knowledge, khilafah, amanah, human rights)*. Kuala Lumpur: A.S. Noordeen.
- Mawdudi, S.A.A. (1991). Let us be Muslims. *Kuala Lumpur: The Islamic Foundation & A.S.Noordeen*.
- Poff, D.C.(2010). Ethical leadership and global citizenship: considerations for a just and sustainable future. *Journal of Business Ethics*, 93 (suppl. 1), 9-14.
- Rahman, A. (1995). Islam: Ideology and the way of life. *Kuala Lumpur: A.S. Noordeen*.
- Roberts, S., Jones III, J. & Fröhling, O. (2005). NGOs and the globalization of managerialism: A research framework. *World Development*, 33 (11), 1845-1864.
- Sarif, S.M. & Ismail, Y. (2011a). The influence of Islamic spirituality in the training of co-operatives’ managers in Malaysia. In Maimunah Ismail, AAhad M. Osman-Gani, and Roziah Mohd Rasdi (Eds.), *Proceedings of the 10th International Conference of the Academy of Human Resource Development (Asia Chapter)*. Kuala Lumpur: The Academy of Human Resource Development and Universiti Putra Malaysia.
- Sarif, S.M. & Ismail, Y.(2011b). An application of tawhidic paradigm in macro-planning of the 1 Malaysia policy. In Zulkepli Abd Ghani, Musa Abu Hassan, Mohd Rusdhan Mohd Jailani, and Khatijah Othman (Eds.), *Prosiding Seminar Transformasi Sistem Pengurusan Islam di Malaysia 2011 (Proceedings of the National Seminar on Islamic Management Systems Transformation (Trans-SPI)(pp.101-125)*. Kuala Lumpur: Islamic Science University Malaysia.
- Sarif, S.M. & Ismail, Y. (2011c). Spirituality in Business Ethics from Islamic Perspective. In A.M. Osman-Gani & S.M. Sarif (Eds.), *Spirituality in management from Islamic perspectives*. Kuala Lumpur: IIUM Press.
- Voegtlin, C., Patzer, M., & Scherer, A.G. (2012). Responsible leadership in global business: a new approach to leadership and its multi-level outcomes. *Journal of Business Ethics*, 105 (1),1-16.