

The Impact of Globalization on Ethical Leadership: A Critical Explanation from Tawhidic Paradigm

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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. This paper tries to find whether globalization can give significant impact on ethical leadership or not. The study conducted a survey with the sample of 25 postgraduate students of Graduate School of Management (GSM), International Islamic University Malaysia in 2011. The selection of the respondents was based on convenient random sampling from 200 postgraduate students from various countries. 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. This study found 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.

Keywords: Globalization, ethical leadership, Tawhidic paradigm,

1. 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 personalize, 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 which has not been emphasized in previous research. That is why, in this paper, researchers

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tried to find what might be 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. Furthermore, this study will bring new dimension on how we can benefit from this globalization through enhancing ethical leadership by embracing the Tawhidic Paradigm.

In this research paper, section 1 (Introduction) focuses on the brief description of globalization and ethical leadership, section 2 (Literature review) focuses on the literature review of the various authors' contribution regarding this topic. It also emphasizes the impact of the globalization in creating ethical leadership. Section 3 focuses on the implementation of Tawhidic paradigm to create ethical leadership with framework of the study (figure: 2). Section 4 focuses on the methodology (sample size, sampling technique). Section 5 focuses on the major findings and discussion from the survey. Section 6 concludes the research paper with concluding remarks followed by section 7 which is the list of references.

2. Literature Review

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 marketization 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).

On the other hand, to define the 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. Furthermore, according to Theresa Watts (2008), she said that, "leadership can be defined as Ethical Leadership if it is directed by respect for ethical beliefs and values and for

the dignity and rights of others.” So if any leadership can behave with its subordinates with proper dignity and respect, they we can say that, that leader is experiencing 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 this leadership cannot 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.

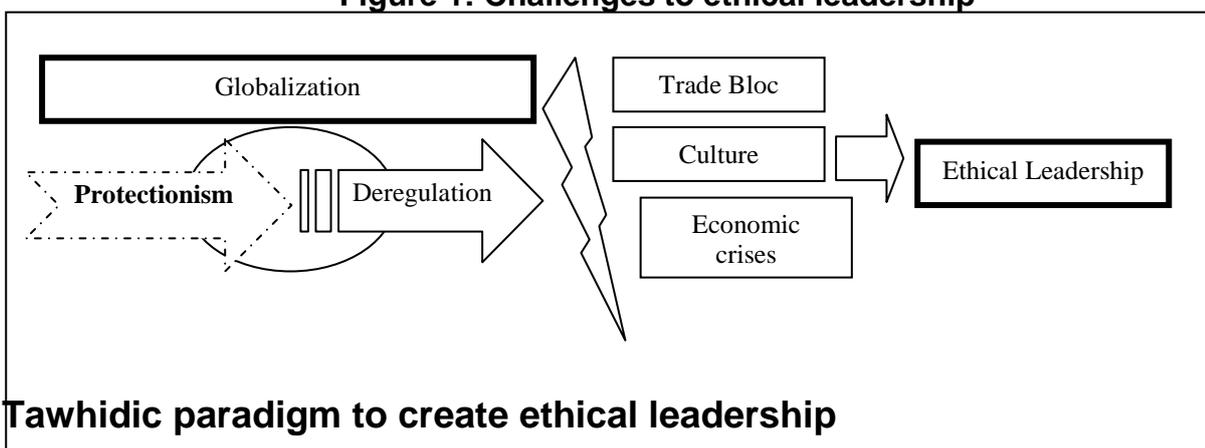
Therefore, this globalization needs some leaders who will handle all the facets of globalization to create good deeds to the people of the society through different types of culture and societal orientation. As Salih (2001) referred that, it was found that, social and cultural exclusion is one of the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

This research shows the challenges to develop ethical leadership within the influence of globalization through the following Figure 1:

Figure 1: Challenges to ethical leadership

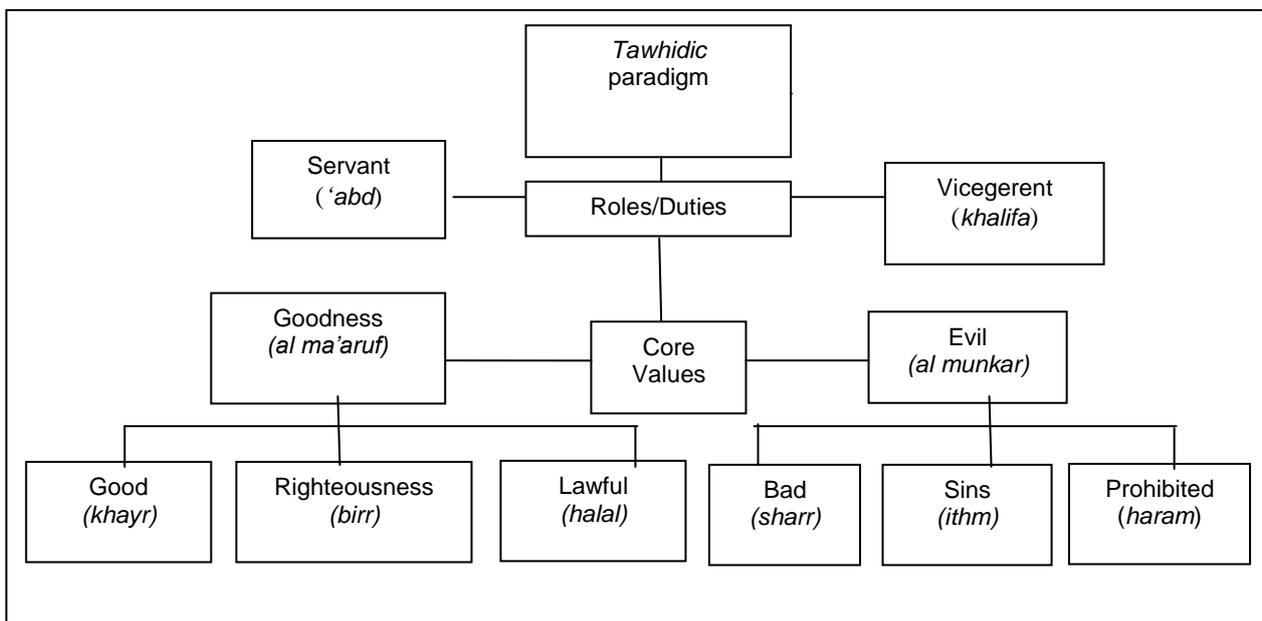


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The impact of globalization on ethical leadership can be explained from Tawhidic paradigm. According to Choudhury, M. A (2007), the meaning of the original episteme of Tawhid as Oneness of God (i.e., of the divine law) in the Qur'an are firstly the Sunnah. The Sunnah encompasses the life, saying and practices of the Prophet Muhammad to whom the Qur'an was revealed. Secondly, with the Qur'an and the Sunnah at the core of the original foundations of unity of knowledge, the broad mechanism of participatory society is launched later, along with its foundations and enforcing appliances. 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



Source: Sarif. S. & Ismail (2011)

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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.

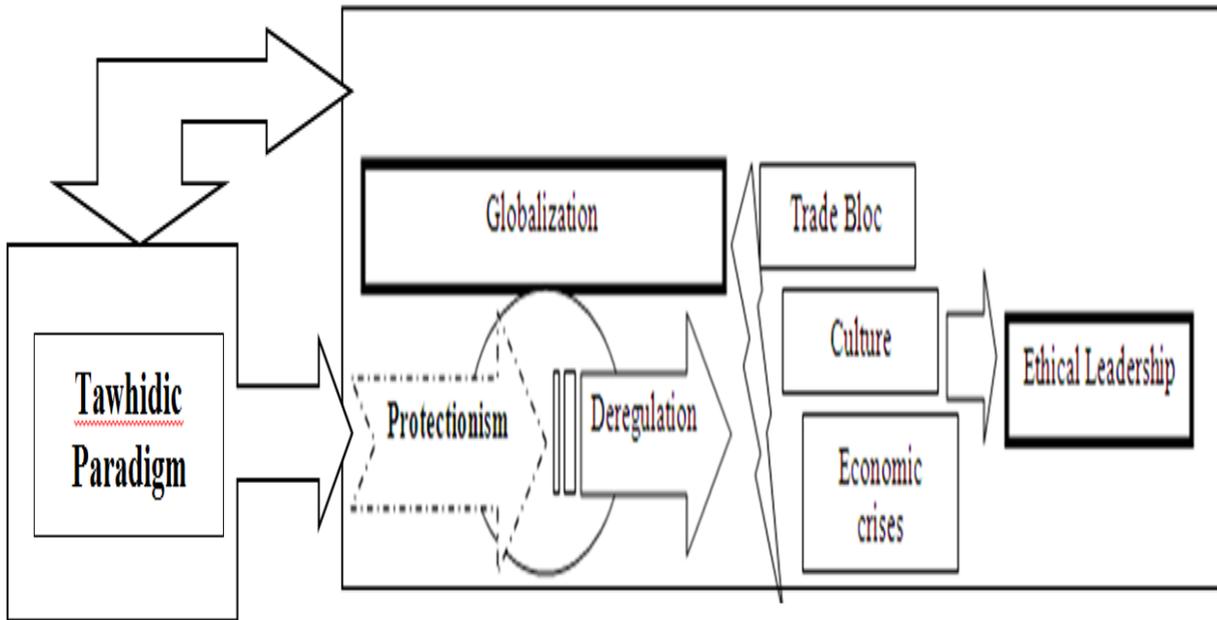
Government has lot of things to do towards its people. Government has to take various initiatives to get benefit through globalization. In the mean time government has to make sure that, none of the initiative is against the rule of Allah SWT. As a servant of Allah SWT, we are the general people also 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.

However, there is not much more study how globalization creates or impedes to create ethical leadership in the modern world. There are lots of works on the Tawhidic paradigm but none of 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



3. Methodology

This study used an opinion survey with postgraduate students of Graduate School of Management (GSM), International Islamic University Malaysia in 2011. The selection of the respondents is based on convenient random sampling from 200 postgraduate students from various countries. The study secured 25 respondents (12.5%).

Please refer to the Table 1 below which summarizes the demographic analysis and profile of the respondents.

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Table 1: Demographic analysis

25 samples from the Students				
No	Topics		F	%
1	Age	20 - 25 year	13	52 %
		26 - 30 year	11	44 %
		31 – 35 year	1	4 %
2	Gender	Male	21	84 %
		Female	4	16 %
3	Department	Management	9	36 %
		MBA	16	64 %
4	Country	Malaysia	14	56 %
		Bangladesh	1	4 %
		India	2	8 %
		Sri Lanka	1	4 %
		Iran	1	4 %
		Maldives	1	4 %
		Guinea	1	4 %
		Kenya	1	4 %
		Somalia	1	4 %
		Indonesia	1	4 %
		Nigeria	1	4 %

***"F" = Frequency, "%" = Percentage.

To get the respondents' opinion about the globalization and the ethical leadership, we have asked some questions. Below are the questions and their answers in Table 2:

Table 2: Questions and responses

No	Question	Frequency	Percentage
1	Do you believe that, globalization has a positive impact on ethical leadership?		
	Yes	24	96 %
	No		
	Do not know	1	4 %
2	Should globalization be encouraged to create ethical leadership?		
	Yes	24	96 %
	No		
	Do not know	1	4 %
3	Does globalization change the people's values and norms?		
	Yes	10	40 %
	No	6	24 %
	Do not know	9	36 %
4	Does globalization hampers ethical leadership?		
	Yes	4	16 %
	No	20	80 %
	Do not know	1	4 %
5	Does Tawhidic paradigm have a positive impact on ethical leadership?		
	Yes	24	96 %
	No		
	Do not know	1	4 %
6	Does Tawhidic Paradigm bring values for the countries?		
	Yes	23	92 %
	No		
	Do not know	2	8 %
7	Can Tawhidic paradigm help the people to manage the impact of globalization?		
	Yes	23	92 %
	No		
	Do not know	2	8 %
8	Should Tawhidic paradigm be introduced in the current world to get the positive impacts of globalization?		
	Yes	23	92 %
	No		
	Do not know	2	8 %

4. The Findings and 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 36 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, 96 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 (92%) 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 (92%) 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. However, this survey gives more opportunities for further research by implementing the Tawhidic paradigm in globalization process; we will be able to know that, in what extent it creates ethical leadership in the world.

5. 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 in 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 throughout the world. That is why; this study has great significance for further research to utilize the impact of globalization properly in accordance with the Tawhidic paradigm in the modern era. However, this research has some limitations as well. This research only studied 25 samples from two departments of one university (International Islamic University Malaysia) in Malaysia. Therefore the result cannot be generalized for the time being. Furthermore, this research could not use various analytical tools to make the result more vigorous. However, it is believed that, the result and findings of this research can be verified/evaluated in the future with further research.

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