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**Business Jihad in Healthcare Through
Transformational Leadership : A Case Analysis of
Malaysia's KPJ Healthcare Berhad's CEO**

Mohamad Yazam Sharif, PhD

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Mohmad Yazam Sharif PhD

UUM College of Business

e-mail: yazams@uum.edu.my



Abstract

The aim of this paper is to present the findings of a case analysis on the implementation of the concept of ‘business jihad’ by KPJ Healthcare Berhad, Malaysia’s largest private hospital group. Data for this analysis were obtained from the public domain. Presently besides owning various private hospitals throughout Malaysia, KPJ Healthcare also owns private hospitals in Indonesia, Bangladesh and Saudi Arabia. The idea of “business jihad” was mooted by the Company’s chairman, Tan Sri Muhammad Ali Hashim some 20 years’ ago when he was heading Johore Corporation, one of Malaysia’s successful government agencies in charge of developing the economy of Johore. Johore is one of the wealthy states in West Malaysia, partly due to the success of Johore Corporation (JCorp). It was observed that Muhammad Ali had practiced effective people management especially at senior management levels for JCorp and all its subsidiaries. Muhammad Ali had selected talented managers to assist him and one of them is Datin Paduka Siti Sa’diah Sheikh Bakir, the Managing Director and Chief Executive Officer of KPJ Healthcare. Siti Sa’diah too practiced good human resource management (HRM) and in turn selected other talented managers to assist her. Talented managers had led to the practice of high degree of professionalism in running the activities of KPJ Healthcare. Nonetheless, the company was not perfect and had its shares of flaws. But the company was seen to be keen to find ways of improving itself in line with the ideals of ‘business jihad’. The goal of making profit was important to the company. However, its managers under the leadership of Siti Sa’diah were taught that the profit objective should not be achieved at the expense of quality service and the development of Muslim ummah. Quality service is not only good for business but it is also in line with the commands of Allah.

Keywords: business jihad, case analysis, human resource management, KPJ Healthcare, people management, leadership, Malaysia, secondary data analysis, transformational leadership

INTRODUCTION

Jihad whether in the academic literature or in real life has always been associated with violence or warfare created by Muslim terrorists (Katz, 2004; Kepel, 2002; Klein, 2002). But if one is to examine carefully the concept of jihad from the perspective of Muslim religion – Islam, jihad connotes the goodness of action taken to fight evil and preserve peace either in a society or in a country. It is not about destroying other people's property or taking people's lives. If viewed from this perspective, it can be said that jihad is a positive concept but very much misunderstood by Westerners or the West. However, it is not the scope of this paper to defend the goodness of jihad in the world at large.

The aim of this paper is to present the findings on the application of the concept of business jihad as understood by successful healthcare Muslim professionals in Malaysia.

LITERATURE REVIEW

The Meaning of Jihad

Jihad comes from the Arabic word *Jihadun*. Its root word is *jahada* which means hardwork, diligence or determination. From jihad come other words like *ajhada* (beyond one's capabilities) and *ijtihad* (doing something conscientiously)(Mustafa, 2005).

Ibn Durayd says the word jihad means diligence, whereas Ibn Faris maintains that it means doing something diligently and with determination. Al-Fairuzabadi is of the opinion that jihad if pronounced *juhd* means involuntary labour. Therefore the meaning of jihad centres around the deployment of one's effort and energy towards achieving an aim. *Al-jahd* means labour and difficulty. In other words it refers to one's willingness to face hardship and difficulty to achieve an aim. Ibn Manzur says that jihad implies *al-thaqah* which means strength. It refers to using one's energy and determination in enduring difficulty. Al-Alusi defines jihad as determination conscientiousness in abstaining from all that is against the wishes of Allah (Mustafa, A., 2005).

Therefore, in short, jihad means channelling one's effort and strength towards achieving a desired aim, be it good or bad. However, in the context of subservience to Allah, remaining righteous is expected of all Muslims and that is the true characteristic of jihad.

Business Jihad

Business jihad is one of the possible positive applications of the jihad concept. It means a struggle to conduct any business legal in Islam by incorporating good business principles and values (Muhammad Ali, 2003). In addition, there is an element of being fair to customers and not to take advantage of customers' lack of knowledge. There is moderation in the pursuit of profits.

Business Jihad, Johore Corporation and KPJ Healthcare Berhad

Muhammad Ali (2003) has been practising business jihad for over twenty years when he started managing the business activities of Johor Corporation or JCorp, one of the most successful Malaysian government agencies, which is involved in various businesses. The business principles adopted by JCorp and its subsidiaries were the principles of business jihad – honesty, commitment, discipline, fairness and moderation (Muhammad Ali, 2003: p.xix).

One of the subsidiaries of JCorp is KPJ Healthcare Berhad, a public listed company in Malaysia. The concept of business jihad is also said to be applied in the business activities of this company (Chong, 2009; Eu, 2009).

Human Resource Practices in KPJ Healthcare

One important element of business jihad is human resource management (HRM). In this company, HRM functions have been given a lot of attention as people have been recognized as the key assets that drive the performance of the organization (Chong, 2009; Eu, 2009). The practices of HRM in organizations including firms have always been attributed to the organizational leaders (Becker & Gerhart, 1996; Delaney & Huselid, 1996; Schuler & Jackson, 2002). The leaders' ignorance of what constitute good HRM practices can be detrimental to an organization's business success.

Transformational Leadership and KPJ Healthcare

There are various forms of leadership styles. Two of the most widely discussed leadership styles were transactional leadership and transformational leadership (Bass, 1990). Daft (2008) defines transactional leadership as a transaction or exchange process between leaders and followers while transformational leadership is the leadership characterized by the ability to bring about significant change in followers and the organization (p.356). Recently the CEO of KPJ Healthcare was awarded the Malaysia's CEO of the Year for 2009 in recognition of her contributions in helping the company's performance to become Asia's number one company in healthcare sector (New Straits Time, 13th March, 2010). When interviewed, the CEO claimed that the company's success was due to her practice of transformational leadership in the company. Consequently, she was able to work well with her subordinates to help the company to continuously improve. She could be said as the person who transformed her followers and her organization.

METHODOLOGY

Secondary Data Approach

The researcher had decided to use the secondary data analysis to conduct this study as there were already some relevant materials published locally in Malaysia on "business jihad" and on the target of the study. Secondary data have their share of strengths and weaknesses. Nonetheless, good data based on reliable sources can be of tremendous value to researchers and analysts (Bryman & Bell, 2007).

The Case Study Method

The case study method was used to investigate the activities of the study target. Case study can be quantitative or qualitative in nature (Dul & Hak, 2008). In this study, the researcher treated it more of a qualitative investigation as the researcher was keen in knowing the process that the study target went through in terms of the "business jihad". Case study research can be as rigorous as any other research method (Darke, Shanks & Broadbent, 1998).

The Target Organization – KPJ Healthcare Berhad

KPJ Healthcare Berhad is a public listed company registered with Bursa Saham Malaysia (i.e. the Kuala Lumpur Stock Exchange) (www.kpjhealth.com.my/annual-reports/).

The company is one of the leading private healthcare providers in south-east Asian region with a network of eighteen hospitals in Malaysia, three in Indonesia, one in Bangladesh and two in Saudi Arabia. With more than 3,000 licensed beds, KPJ hospitals offer a comprehensive range of medical services and have treated more than two million outpatients and 170,000 inpatients in 2007 (Chong, 2009).

Building upon more than 26 years experience in the healthcare industry and supported by more than 600 medical consultants with staff strength in excess of 6,000, KPJ hospitals have many renowned experts in cardiology, orthopaedic, oncology, plastic and reconstructive surgery. Equipped with state-of-the-art medical technology and using the latest surgical techniques, KPJ hospitals have attracted many foreign patients from all over the world. The increasing inflow of medical tourists to the KPJ hospitals over time is a testimonial of the company's high quality standards in the healthcare delivery, whereby, KPJ Ampang Puteri Specialist Hospital was awarded the MALTRADE Export Excellence Award by Malaysia's Ministry of International Trade and Industry (MITI) in 2007.

KPJ hospitals have achieved many milestones in its quality initiatives and have been accredited by the Malaysian Society for Quality in Health (MSQH) and awarded with certification by international body such as TUV Rheinland for Integrated Management System (IMS) that integrates and emphasizes on Quality Management System (MS ISO 9001:2000), Environment (MS ISO 14001:2004) and Occupational, Safety and Health (OSHA S 18001:1999). The many accolades that KPJ hospitals have received over the years led to numerous invitations to venture into hospital management services locally and abroad.

The Target Respondent - KPJ Healthcare's Chief Executive Officer

The information on KPJ Healthcare's CEO were found in its website (www.kpjhealth.com.my/CEO/).

Aged 56, Datin Paduka Siti Sa'diah Sheikh Bakir has served as the Managing Director of KPJ since 1 March 1993. An Economics graduate from the University of Malaya in 1974, Datin Paduka began her career with JCorp in the same year. She became directly involved with JCorp and its

Healthcare Division since 1978. She held the post of the Chief Executive of KPJ Sendirian Berhad (KPJSB), the holding company of KPJ, from 1989 until the restructuring of KPJ in November 2002.

Datin Paduka currently sits as the Chairman of various hospitals in the KPJ Group. She also sits as Chairman of Willis (Malaysia) Sdn Bhd and Kumpulan Perbadanan Johor Sdn Bhd and as a Director of Kulim (Malaysia) Berhad, Puteri Hotels Sdn Bhd and AmanahaRaya-JMF Asset Management Sdn Bhd, Healthcare Technical Services Sdn Bhd, and Damansara REIT Managers Sdn Bhd, all of which are companies within the JCorp Group. She is also a Director of Kumpulan Waqaf An-Nur , a non-governmental organization dedicated to the provision of healthcare services to the less fortunate.

Actively involved in professional organisations that promote excellence in healthcare, Datin Paduka served as the Vice President of the Association of Private Hospitals in Malaysia (APHM) from 1994 to 1996. She has served as the President of the Malaysian Society of Quality in Health (MSQH), since its inception in 1997. Datin Paduka plays an equally active and prominent role in corporate, business and government committees. She has been a Board member of MATRADE since 1999, Chairman of the Audit Committee of MATRADE since 2003, a member of the National Productivity Council's (NPC) Consultative Panel on Healthcare since 2001, and a member of the National Patient Safety Council, Ministry of Health since 2003. Datin Paduka has served as an Independent Director of Bursa Malaysia since April 2004.

RESULTS AND DISCUSSION

The Financial Highlights of KPJ Healthcare Berhad

Some researchers viewed that the financial health or financial growth pattern over time of a firm indicates the capability of its chief executive officer (CEO)(Becker & Gerhart, 1996; Delaney & Huselid, 1996; Schuler & Jackson, 2002). KPJ Healthcare's financial performance from 2004 to 2008 has been commendable (Table 1). As examples, the company's turnover rose from RM583 million in 2004 to RM1.3 billion in 2008 and its economic value added grew from RM4.2 million in 2004 to RM43.2 million in 2008. This consistent growth patterns could be attributed to the practice of business jihad principles by KPJ's CEO and her followers.

Table 1 KPJ Healthcare's Growth 2004 – 2008

Year	2004	2005	2006	2007	2008
No. of Hospitals in Malaysia	13	15	17	17	19
Turnover (RM'000)	583,397	659,643	831,455	1,108,024	1,267,305
Profit before tax (RM'000)	40,646	42,301	60,060	85,255	114,052
Net tangible assets (RM'000)	291,248	343,536	342,068	398,877	470,797
Economic value added (RM Million)	4.2	5.6	9.1	23.4	43.2

Source: [www.kpjhealth.com.my/annual reports](http://www.kpjhealth.com.my/annual-reports)

KPJ's CEO Core Business Management and Other Responsibilities

KPJ's core activity is managing its 24 specialist hospitals in Malaysia and abroad (Eu, 2009). Besides this, the firm also provides management services, project management and engineering maintenance services for specialist hospitals, marketing and distribution of pharmaceutical, medical and consumer healthcare products and operates a private nursing college (Eu, 2009: 49). The firm's successful track record as reflected in Table 1 implied the calibre of its CEO and the implied practice of business jihad. When interviewed on the CEO's success, she said:

"Over the years, I have built a solid team. Building the team is crucial. Once you have the right people in the right places, it makes your work a lot easier because you can delegate and trust your team to deliver. I can, in turn, focus on sharing my experiences with my followers. Your followers must believe in you and trust in you before you can see the results" (Eu, 2009: 49).

KPJ's CEO's Work Values

The principles of business jihad were taught by JCorp's to KPJ's CEO as the core values. But these values were already with her prior to her entry to JCorp in 1974. When interviewed, she said:

"What drives me? I work hard and diligently. I inherited that from my father. I watched him work very hard, day in and day out. He was an honest man who worked hard until he retired. I am motivated to be successful. The more successful you are, the more you are motivated" (Eu, 2009: 50).

KPJ's CEO and the Development of People

During her years with KPJ Healthcare, her priority has been the development of people (Tan-Wong, 2008). This led to the training of nurses with the setting up of KPJ's Puteri Nursing College in Nilai, Negeri Sembilan. But nurses are not her only concerns. She is thinking about every employee in her firm and that each of them must be continuously trained and developed for the sake of the organization's future growth. This thinking is line with researchers' contention on the importance of employee training (Delaney & Huselid, 1996; Schuler & Jackson, 2002).

According to the KPJ's CEO (2009), every organization has a life cycle. She said:

"Like a human being, an organization has its embryonic stage and then proceeds to various states of development and then it dies. While it is inevitable that a human being dies, a company will die only if is not rejuvenated. You rejuvenate the company by being relevant, offering new services and maintaining standards" (p.51).

In addition, she added:

"In 2008, 200,000 patients were serviced by about 650 specialist doctors and 7,000 management staff in KPJ's hospitals. Ultimately, I am responsible for all their performance " (Eu, 1009: 51).

"I also use models I believe in and practise them to help us get better and higher. For instance, I believe in 7S McKenzie framework. The idea mooted here is that the organization is not just another structure but is also made up of six other elements. These are divided into two types – hard and soft. The hard elements are structure, strategy and system which are easy to identify. They can be found in strategy elements, corporate plans, organizational structures and other documentations. The soft elements are shared values, skills, style and staff. These are more intangible and harder to influence. If an organization can achieve a good balance between all these elements, it will be successful" (Eu, 2009: 52 – 53).

KPJ's CEO Management Style

Organizations need their managers to be efficient and effective (Daft, 2008; Delaney & Huselid, 1996).

When interviewed, she said:

"I believe in bottom-up management style. I believe in listening to people and getting their feedback especially of those on the shopfloor. This is very important. You are powerful when you get their loyalty and trust. We have to empower the staff. Once they are empowered and they know their responsibilities, they will perform. We inform our people of the company's performance, whether we are doing well or facing difficulties. I too practise this openness and transparency" (Eu, 2009: 52).

KPJ's CEO Leadership Style

An organization's CEO, apart being an effective and efficient manager, needs to be an effective leader, i.e. a person who does 'the right thing' for the organization (Daft, 2008).

When interviewed on the matter, she said:

"I am open and transparent. If I like it I say it, if I don't, I also say it. I am a firm believer in transformational leadership where the leader and the follower are engaged so that they raise the level of performance of each other. People who come to KPJ and JCorp should be above average. They come here and grow with us. We have a nurse who is now a general manager (GM). We have a pharmacist who is now a GM. We are open to our staff bettering themselves within the company" (Eu, 2009: 53 – 54).

CONCLUSIONS

Business jihad as practiced by KPJ Healthcare represents an emerging practice among Muslim companies in Malaysia (Muhammad Ali, 2003). The major issue here is developing the human resources who are capable of shouldering the responsibility of making the practice of Islamic business a reality. In this regard, an organization's leadership has been recognized as the critical factor (Adaikalaraj, 2010). Datin Paduka Siti Sa'diah Sheikh Bakir, the CEO of KPJ Healthcare, brings mega achievements to her position (Chong, 2009; Tan-Wong, 2008). KPJ Healthcare has received numerous awards over the years for its consistent performances under her leadership (Eu, 2009). But success did not come easy. It took her about 27 years to get her first billion ringgit performance in 2008 (Eu, 2009). There could be several factors that had contributed to her achievements. However, based on the general work environment in JCorp and KPJ Healthcare, it seems that her leadership was based on sound values and beliefs. It could be that she had practised the principles of business jihad through transformational leadership (Adaikalaraj, 2010; Eu, 2009). The principles of business jihad were propagated by Muhammad Ali, the CEO of Johor Corporation (JCorp), the parent company for KPJ Healthcare. It is likely that there is a spill over of the business jihad practices from JCorp to KPJ Healthcare (Chong, 2009). It is suggested that in future more studies should be conducted on KPJ Healthcare to understand more about business jihad and its benefits.

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