

# THE PRELIMINARY PROPOSED MODEL OF THE INTEGRATION OF THE PRINCIPLE OF *MAQASID AL- SYARI'AH* IN MANAGERIAL DECISION MAKING PROCESS

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## Abstract

*The main focus of this paper is to propose an idea of the integration of the principle of Maqasid Al-Syari'ah in managerial decision making process among organization in Malaysia. This paper will focus on the importance of integrating Maqasid Al-Syari'ah in managerial decision making process of consumer product in consumer based organization. Maqasid Al- Syari'ah which is derived from the Quran and Hadith will be promoted as the greatest method to assure the best practice in developing effective managerial decision making process. It is hoped that based on the paper, organization in Malaysia are more open in accepting and practicing the principles of Maqasid Al-Syari'ah in their managerial decision.*

**Keywords:** *Maqasid Al-Syari'ah, Shari'ah compliant securities, decision making.*

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## Introduction

Al-Qaradawi a well-known scholar in Islam has demonstrated the consideration of the elements of *Maqasid Al-Syari'ah* in his work '*al-Halal Wa al-Haram Fi al-Islam*'. According to Ibrahim & Yusuf (2011), Al-Qaradawi's book discussed about the question of *Halal* and *Haram* in Islam by referring directly to *al- Quran* passage, *al- Sunnah*, and taking *Maqasid Al-Syari'ah* in consideration in presenting various issues beguiling the Muslims and makes *Maqasid Al-Syari'ah* becoming a very important tool in constructing Islamic Law (*Syariah*).

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Imam Al-Ghazali in his book explain that *Maqasid Al-Syari'ah* focus on five major things in life which is the religion, self, intellect, progeny and property while Al-Raisuni state that *Maqasid Al-Syari'ah* hold bigger perspective in determining the well-being and justice for the society (Zainal, 2012). This principle has become one of the major elements that influence Muslims daily practices. This can be seen from an increase in demand for *Halal* products in the market (Hasleenna, Zuriani, Normala, & Kamaruzaman, 2013) and also its influence in determining Muslims purchasing decision up to the consumption (Hasleenna et al., 2013) of any available product in the market.

Throughout the world, Muslims are becoming increasingly active as investor and manufacturers, bankers and traders, competitors and supplier, and becoming real partner in Global economic systems (Martin, Dirck, Tracey and Johan, 2009). Muslim comprises one of the fastest growing consumer markets in the world. According to the Pew Forum on Religiosity and Public Life (2011), the World's Muslim population is expected to increase by about 35% in the next 20 years, rising from 1.6 billion on 2010 to 2.2 billion by 2030. Malaysia itself consists 60.4% of Muslims out of a Malaysia total population (Malaysia Demographic Profile, 2013). This rise in Muslim population points to a subsequent rise in purchasing power and questions about Muslim preferences in product and services, since regardless of their location, Muslims follow a faith built on five pillar and Syariah law (Matin. et. al, 2009).

Acknowledges with those highlighted issues and the demand for a more reliable product among the Muslim community in Malaysia, the current study attempts to encourage Malaysia to provide a product which not only focusing on *Halal* of the product but also focusing on every aspect of the product offering through the implementation of *Maqasid al-Syariah'* in the managerial decision making of the consumer product based organization.

Most of the company in the world led by the desire to maximizing their profit and shareholder wealth maximization which led to the actions which will bring positives contributions to the firm's profits (Graham & Scott, 2011). However, throughout those processes they often neglect their Corporate Social Responsibility towards the society and environment. As for example issues between Chevron and Myanmar citizen on September 2007, where Chevron acquired a minority stake in Unocal (a US conglomerate) that operates the "Yadana Project" which is the single largest sources of revenues for Myanmar Military to stay in power and suppress human right (Battcharya, Sankar & Daniel, 2011). This event has left at least ten people dead by the government's account (opposition group put the fatalities at around 200) (Battcharya, et al., 2011). It has shown an important message in regards to the importance of considering the right and justice to the society. Hence, although in Malaysia those events have yet happen, however, there is a need for precaution steps to be taken. It is important to create a more promising managerial practices in the company as a guideline to prevent and preserve the community right. As a result, there is a need of integrating *Maqasid Al-Syari'ah* in their management practice, since *Maqasid Al-Syari'ah* is an Islamic objective of *Syari'ah* which bound under five most important pillars that prevent the right and justice of the society (Auda, 2008).

Besides that, manager act as a role model and create a significant impact on the organization performance through the decision they implement (Kunjala, Lamsa & Penttila, 2011). However, most decision makers aware with their decisions' impacts only after the decisions have been

implemented. According to Cheah (2012), managers make decision based on the perception they interpret which can also cause people to make wrong choice result in a great deal of negative effects. Damage that caused by poor decisions are irreparable and the impact of timely and good strategic decisions cannot be described (Pedarpur, Zarrodi, Fatan, Afrancheh, & Riazi, 2013). Thus, it is important for the decision makers to analyse any available alternatives and its impacts before the decision can be implemented. Yet, lack of studies has been done in regards to the importance of analysing the impact of every decision to the society especially to the Muslim community. Consequently, it creates a gap in decision making aspect and the need of good decision for the benefit of society.

Furthermore, Malaysian Muslims awareness regarding *Syari'ah* status on their purchasing and investment also need to be put into consideration. Most of the company nowadays revolve with Islamic status especially among banking and finance industries yet the truth about their managerial operation is doubtful. According to Othman (2010), today non-Muslims are getting inroad into the business of Islamic banking, even the name of the bank is confusing to the public. Most of the company tried their best to achieve profitable market however that is not the objectives in Islam. In Islam, the ultimate objectives of any activities including business activities are ultimately with the aim of achieving objectives of *Syari'ah* which is the *Maqasid Al-Syari'ah*. Therefore, integration of *Maqasid Al-Syariah* is crucial with the current practices of business environment in Malaysia.

Besides that, although there are a lot of scholarly discussions related to *Maqasid Al-Syari'ah* and decision making, there is still a gap in strategic management and organizational management regarding the importance of integrating the principle of *Maqasid Al-Syari'ah* in managerial decision making. Numbers of scholars discuss the implementation of *Maqasid Al-Syari'ah* in Muslims environment, for instance in Islamic Finance (Dusuki, 2009, Ahmed, 2012, Mohammad & Shahwan, 2013), in Administration (Mohd Noor *et. al.* 2012), and in Governing (Hayattullah, 2012), but they neglected the aspect of the management (Othman, 2011).

### **Decision Making From the Islamic Perspective.**

Decision making in Islam revolve with three basic components of Islam which is *Aqidah* (Faith & Belief), *Syari'ah* (Practices & Activities) and *Akhlaq* (Moralities and Ethic) (Kamali, 2008), and these are based from the Islamic Law. *Aqidah* means strong belief in heart of a person to Allah (s.w.t) and His last prophet, Muhammad (p.b.u.h.). It is related to the *Tawheed*. It consists of six main part namely: belief in Allah (s.w.t), belief in Angels, belief in the Sacred Books (Al-Qur'an), belief in Prophets, belief in the Resurrection (*Qiyammah*) and belief in *Qada'* and *Qadar*. *Syari'ah* on the other hand, means the way that direct man's life to the right destination. It is a law that governs human in total way of life includes faiths and practices, personal behaviours, legal and social transaction. Meanwhile, *Akhlaq* consist of "man to man" and "man to Allah" relationship. Under this component, every Muslim's activities must be based on ethic, morality and discipline.

According to Sheikh Ahmad Bin Sheikh Muhamad al-Zarqa' (1996), decision making in Islam revolve with Islamic Law (*Syari'ah Rulings*) which can be classified into two main division according to their objectives that is *Taklifi* (mandatory law) and *wad'I* (declaratory law). The

mandatory law bound with five principle which is *Wajib* (obligatory), *Mandub* (Recommended), *Mubah* (Permissible), *Makruh* (Reprehensible) and *Haram* (Prohibited). Besides that, according to Othman (2011), from an Islamic perspective, consultation is the essential element before any decision can be made. In Quran, *Surah 'Ali'Imran* verse 159, mentioned about the process of making decision through Islamic perspective which consists of two most important elements - consultation and putting trust to Allah. The Quran clearly states that Muslims are obligated to consult those with the knowledge or insight (*hikmah*) (Norlida et al., 2011).

Apart from that, Islam also has different point of view when dealing with risk in decision making. From an Islamic point of view, risk as such, like hardship, is not desirable for its own sake. As in decision making, Decision making revolves with risk which is uncertainty however from Islamic point of view when risk stimulates productive efforts and value-adding activities that it becomes desirable.

According to Al-Suwailem (2000), In Islamic culture, uncertainty is strongly linked to causes. Once there are uncertain decision problem, Muslims usually think that one shall perform the cause and leave the final result to the will of Allah. Muslim identifying a causal relationship can be based on one or more of the following (Al-Suwailem, 2000):

1. An explicit statement from the Qur'an or Sunnah.
2. Experimental evidence, whereby statistical and quantitative methods are used to evaluate causality relations.
3. Intuitive judgement, whereby an agent would assess the plausibility of different scenarios to conclude which is more likely to be the cause of a certain effect.

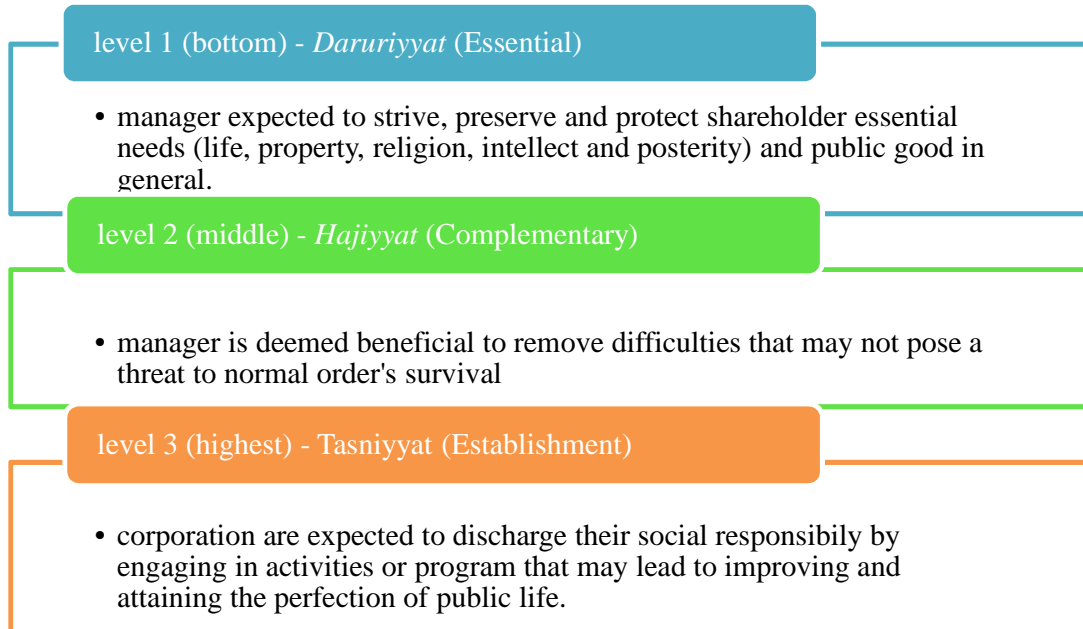
From an Islamic perspective, a cause becomes of value because it leads to the desired (beneficial) outcome.

### **Integrating *Maqasid Al-Syariah* In Decision Making**

Islam is a comprehensive way of life, and morality is one fundamental sources of Islam. Islam has establishes some universal fundamental right for humanity as a whole, which to be observed in all circumstances (Latiff, 2008). The dimensions of morality in Islam are numerous, far-reaching and comprehensive. The Islamic morals deal with the relationship between man and God, man and his fellow men, man and the other elements and creatures of the universe, man and his innermost self. Islamic guidance, enshrined by its principle of justice, brings about a balance between individuals' rights and their duties and responsibilities towards others and between self-interest and altruism (Dusuki& Abdullah, 2009). According to Nawab (2003), self-interest has to be linked to the overall concepts of goodness and justice.

Hence, concern for the needs of others, along with one's own, become an integral part of the Principle of *Maqasid Al-Syari'ah*. *Maqasid Al-Syari'ah* stress on the importance of considering public interests rather than individual interest. It provide a framework for making decision and a mechanism for adapting to change especially for corporations (Dusuki& Abdullah, 2009).

*Maqasid Al-Syari'ah* able to provide guidelines for moral judgement on the part of management particularly in solving societal problem. According to Dusuki and Abdullah (2009), decision making process based from the principle of *maslahah* (*maqasid*) able to solves problem pertaining to corporate social responsibility. Dusuki and Abdullah (2009), explain that the three level of *maslahah* plays significant roles in solving problems regarding corporate social responsibility summarize in Figure 1 below:



**Figure 1: Summary of Dusuki & Abdullah, (2009) *Maslahah* roles in solving problem regarding CSR.**

The concept of *Maqasid Al-Syari'ah* entails understanding the Islamic principle of preventing harm, whereby the organization must not possess any harm or cause grief to the others while engaging their business activities. The subject of preventing harm has widely discuss in the field of Islamic jurisprudence. According to al-Raisyuni (2013), there is a legal maxim that is well known where it bring a meaning of avoiding harm is much better than acquiring harm. Ibn Taymiyyah has a deep philosophical discussion about this topic in his book *Majmū' al-Fatāwī* where he says (al- Raisyuni, 2013):

*“Generally, doing that which is commanded is better than abstaining from that which is prohibited and leaving what is commanded is worse than doing that which is prohibited and the reward that the children of Adam receive for doing good is greater than the reward they get from abstaining from bad and the punishment they get for leaving obligations is greater than their punishment for doing prohibited things.”*

Legal maxims are theoretical abstractions in the form of short epithetical statements that are expressive, often in a few words, of the goals and objectives of the Syari'ah (kamali, 2006). According to Kamali (2006), the most comprehensive and broadly based of all maxims are knows and the normative legal maxims and it is applied to the entire range of *fiqh* without

any specification. Maxims such harm must be eliminated and act are judge by the intention behind them belong to this category of maxims (Kamali, 2006).

Dusuki and Abdullah (2009) adapt the maxims in their study of *Maqasid Al-Syari'ah* in corporate social responsibility to highlight the important and relevant of this maxim in decision making process for corporate social responsibility since it reinforces the idea that each person is a social being and that social life and responsibility are integral, especially in commercial dealings or transactions.

## Conclusion and Recommendations

In Malaysia, Muslims make up the majority of the population, which put Islam on a crucial role in providing the essential guidelines on the permissibility and acceptability on muslim daily practices. This is accordance with the Third Industrial Master Plan (IMP3), where the government is committed to making Malaysia as the *Halal* hub soon (Ambali&Bakar, 2013). According to Ambali and Bakar (2013), the increasing awareness of Muslim all over the world on their obligation to consume food that meets Islamic dietary requirements has created a much greater demand for *Halal* food and product.

Beside that *Maqasid Al-syariah* has great relevance to corporate governance, ethics and responsibility. It comprises real guidelines on how the life off people can be made better and hardship can be removed while the structure is defined through corporate governance (Clarke, 2004) and it also tends to promote the concept of accountability, ethics and responsibility. Hence, due to the important of *Maqasid Al-Syari'ah* in *Syariah* itself, it is important for the *Syariah*-compliant securities in Malaysia to integrate this principle in their managerial decision making so that a decision maker can properly monitor their production process accordance with *Syari'ah* stipulations.

As an Islamic country, and told to be rule based on *Maqasid Al-Syariah* principle, it is recommended for every organization in Malaysia to integrate *Maqasid Al-syariah* in not only in their managerial decision making but also on their operational level.

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