

## A REVIEW OF INDICATORS FOR THE PRESERVATION OF WEALTH (HIFZ AL-MAL) BASED ON MAQASID AL-SHARIAH

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### Abstract

*Islam has established several rules for the maslahah of human beings in this world and hereafter. As a result of their religious convictions, Muslims need to redefine and reconfigure their own needs and aspirations based on Islamic teachings. Islam adopts a wide approach to human development, stressing the need to reach the Maqasid al-Shariah in the discussion of public policy. This emphasizes the need for an index that includes dimensions that are in accordance with Maqasid al-Shariah that emphasize five important dimensions to be preserved namely faith (din), intellect (aql), life (nafs), posterity (nasl) and wealth (mal). Nevertheless, the selection of indicators used to measure the economic development based on Maqasid al-Shariah are philosophically and operationally challenging. Thus, this paper reviews the indicators proposed for the preservation of wealth, which is one of the elements of Maqasid al-Shariah. The study found that many indicators proposed are not being defined according to Islamic teachings, which diverted away from Islamic philosophy. In addition, there is a need to establish indicators that are able to capture the development at micro level. The study recommended several indicators encompassing both macro and micro levels that could be a better proxy for the preservation of wealth based on Maqasid al-Shariah.*

## INTRODUCTION

The Holy Quran clearly declares that the creation of the world was not done in vain.<sup>1</sup> Humankind has therefore been chosen as Allah's *khalifah* (vicegerent) in this world to administer matters in accordance with Allah's will. The purpose of any growth in income level, standard of living and health should be to aid in our supplication to Allah. Thus, the integration of Islamic law (*shariah*) and the economic development is crucial in reflecting an inclusive measure of development in Muslims society. The discussion on economic development from Islamic perspective has been largely discussed recently. The

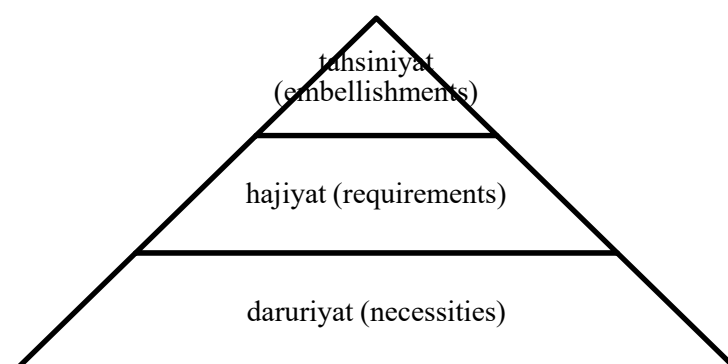
<sup>1</sup> And We created not the heaven and the earth, and all that is between them, in play (Quran, 44:38)

importance of assessing development by incorporating Islamic principles has been evidenced with many studies attempted to develop a socioeconomic development index in accordance with Maqasid al-Shariah. However, it is evidenced that many indicators or variables applied to measure the socioeconomic development in accordance to Maqasid al-Shariah are still being defined from western concept. For instance, the use of Gross Domestic Product (GDP) in the assessment of Hifz al-mal may include non-halal production activities and *riba*-related transaction. The adverse impact of using different definition or concept is that it would strengthen the western centric-cultured society instead of Islam (Syukri, 2013). Within the context of this paper, the indicators used to measure the preservation of wealth also need to be tailored according to Islamic law. Thus, this paper focus on the development of indicators proposed by Islamic scholars in the context of preservation of wealth (Hifz al-mal), with an aim to critically review and highlight the development of indicators proposed for the preservation of wealth from Islamic perspective with recommendations upon study drawn. By doing this, it is hope that the paper could deliver a more in-depth analysis of a specific dimension under Maqasid al-Shariah, which is Hifz al-mal.

## LITERATURE REVIEW

Islam adopts a broad strategic approach to human development, emphasizing the need of realising the objectives of Islamic law, Maqasid al-Shariah in any public policy. As far as Islamic view on socioeconomic are concerned, Maqasid al-Shariah is the pillar and basis of socioeconomics from Islamic point of view, while its development and challenges are manifestations of the pillar. Following this, Islam has recognized the significance of “purpose” or “*maqsud*” in Arabic to guide human life. According to Imam Abu Hamid al-Ghazali, an eminent scholar, Maqasid al-Shariah focus on the well-being of human which lies in preserving the five major areas namely faith (*din*), human-self (*nafs*), intellect (*aql*), posterity (*nasl*) and wealth (*mal*). Whatever safeguards these five serve the public interest and is desirable, and whatever harms these five is detrimental to the public interest and should be eliminated.(Chapra, 2008). These five dimensions are classified as *daruriyat* , which is the minimum level and the most basic of needs that human have to fulfil. Zooming into details, the levels of protection from Islamic perspective can be classified into three aspects which are *daruriyat* (necessities), *hajjiyat* (requirements) and *tahsiniyat* (embellishments) (Kamali, 2009).

**Figure 1.** Levels of protection from Islamic perspective

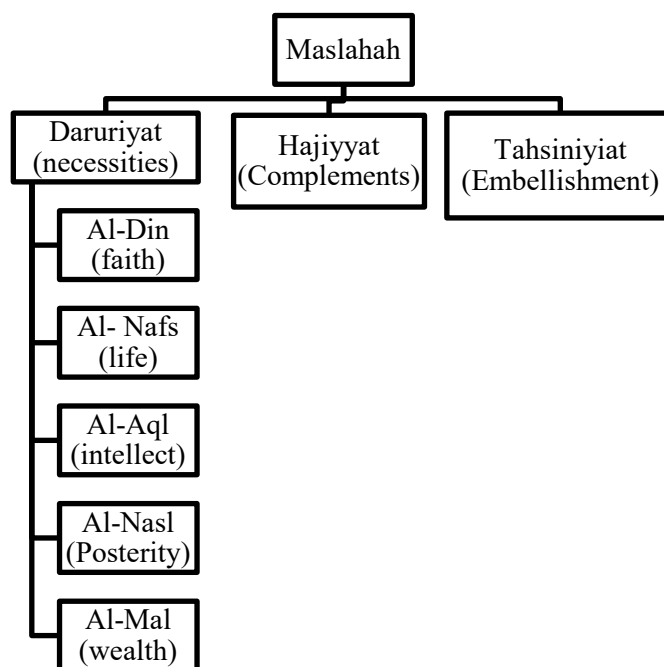


Source: Kamali (2009)

Imam Al-Ghazali streamlined necessities into five fundamental dimensions of life which are the preservation of faith, intellect, life, posterity, and wealth as illustrated in Figure 2. The ownership of products and services required to sustain life is one of the goals that must be met at the *daruriyat* level. In order to undertake the responsibility of a khalifah to maintain religion, life, intellectual, wealth, and posterity, Islam emphasised that a person must have met the *daruriyat* conditions. Islam’s position on

each of the five dimensions is to provide a bare minimum of protection and developing *ummah* in order to facilitate the achievement of worship and also providing opportunity for everyone else to survive, live, and grow in order to be able to make informed choices without any compulsion.

**Figure 2.** Al-Ghazali's Theoretical Framework of Maqasid al-Shariah



Source: Omar (2018)

Meanwhile, *hajiyyat* refers to complimentary benefits and can be thought of as a requirement that goes beyond absolute need. The goods meant to keep things easy and remove constraints that often lead to obstacles and difficulties when something expected is gone are referred to as comforts. Finally, *tahsiniyat* considers embellishments to be commendable attributes above those of wants (*daruriyat*) and comfort (*hajiyyat*). However, *tahsiniyat* should not be associated with things that give the impression of being extravagant. It is worth highlighting that existing development indices do not fully adhere to Islamic normative judgements due to their overemphasis on the material component of development and disdain for qualities that are essential for the world hereafter (Amir-Ud-Din, 2014). This materialistic perspective is not shared by Islam, nor does it believe that human existence is dictated by external factors (Chapra, 2008). The Islamic view of development is unique. It views it as a multi-faceted endeavour whose goal is to achieve a harmonious equilibrium between a variety of opposing forces. In general, the Islamic idea of development encompasses dimensions such as spiritual, material, and moral.

Chapra was among the earliest researcher to investigate the relationship between Maqasid al-Shariah and economic development and human well-being. He published a book entitled "The Islamic and Economic Development" in 1993, followed by another book entitled "The Islamic Vision of Development in the Light of Maqasid al-Shariah" in 2008. His research has contributed to the construction of theoretical framework of development based on Maqasid al-Shariah. Later, Anto (2011) proposed the Islamic Human Development Index (I-HDI) as a new framework for analyzing development based on Maqasid al-Shariah principles. He presented a more detailed measurement which comprises of seven dimensions of development and an index to evaluate each dimension.

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## PRESERVATION OF WEALTH (HIFZ AL-MAL)

Wealth or property is a gift from Allah to human to improve their quality of life. In Islam, the term *al-mal* refers to all the resources that Allah has made devoted to man, which includes all the rights and rewards of ownership. The idea of *khilafah* governs the ownership of asset in Islam, which holds that Allah is the sole owner of wealth and humans are the vicegerents of Allah, and the guardians of Allah's wealth. Mankind as a *khalifah* needs to safeguard and manage resources wisely without resulting into any harmful effects on earth by promoting *Ihsan* (mutual benevolence) and *Adl* (socioeconomic justice). According to Al-Raysuni (2006), the classical views such as from Imam Al-Juwayni and Imam Al-Ghazali describe the preservation of wealth as the protection of people's belongings from thieves by cutting off their hands, whereas Al-Shatibi exemplifies it as the prohibition against injustice, wastefulness, inefficiencies and corruption on earth.

According to Ibn-Ashur (2006), wealth preservation entails preventing the rich from going bankrupt and from passing resources into the hands of others without legal consent and recompense. Furthermore, he explains that the aims of Shariah in terms of economic are founded on the principles such as *rawaj* (marketability), *wuduh* (transparency), *hifdh* (preservation), *thabat* (durability) and *adl* (equity). Chapra (2008) advocates fair distribution of wealth and income for the expansion and growth of wealth through the redistributive systems of *zakat*, *sadaqah* (donation) and *waqf* to encourage the development and expansion of wealth in a society. In order to boost national revenue, he emphasizes the significance of strengthening human capital by focusing on the education, technological innovation and work ethics.

The preservation of wealth within the context of Islam can be described in five aspects which are the preservation of wealth through the protection of ownership, damage, development and acquisition, circulation and its value (Dusuki & Bouheraoua, 2011). By establishing explicit guidelines on how to possess, utilize and safeguard wealth, Islam recognizes the inherent desire of humans to own good things. In line with the level of necessities guided by Shariah law, Ng et al (2009) added that the preservation of wealth with regards to *daruriyat* level emphasizes its availability, distribution of wealth as *hajjiyyat* while investment and growth of assets as *tahsiniyyah*. Based on the discussion above, wealth preservation can be referred as the protection of ownership and asset against destruction, theft, injustice, and harm. Additionally, it includes the acquisition and growth of wealth by making it accessible through equitable distribution of resources, job employment and enhancement of wealth through investment. Thus, the concept of Hifz al-mal should not just focus on preserving wealth, but also the development of wealth indicators among Muslims communities.

The creation of Maqasid al-Shariah based socioeconomic development index which integrate the five dimensions of Maqasid al-Shariah has been largely discussed recently. There were many studies conducted that focus explicitly on constructing the index such as Kasri & Ahmed (2015), Bedoui, (2019), Ghazal & Zulkhibri (2016), Mili (2014) and Amin et al., (2015), Amir-Ud-Din (2014) and Nizam & Larbani (2016). Chapra (2008), among the earliest scholars in this area recommended several variables as part of the indicators to assess the preservation of wealth including the removal of poverty, employment and self-employment opportunities, optimum rate of development, savings and investment, good governance, education, security of life and equitable distribution of wealth. Later, Anto (2011) who introduced the Islamic Human Development Index (I-HDI) tried to recommend a more detailed measurement, Property Index to measure the wealth status of a society. The index proposed several variables namely GDP per capita, economic growth, GDP per capita growth, Gini ratio and poverty rate.

The list of variables proposed by Anto provide guidance in determining possible variables or indicators that could be use. Nevertheless, the index presented by Anto has been questioned since it incorporates the GDP component which includes the output of production forbidden by Islam such as the production of alcohol and tobacco, nuclear weapons, pornography, and interest-based finance. Meanwhile, Amir-Ud-Din (2014) proposed three indicators according to the three level of necessities which are poverty line below \$1.25 for *daruriyat* level, \$2 poverty line for *hajjiyyat* and property security for *tahsiniyyat* level while Ghazal & Zulkhibri (2016) and Mili (2014) utilized the International property rights index as part of the indicators under preservation of wealth. In the local context, Abdul Rasool & Salleh (2014)

proposed several indicators to as part of the measurement of Hifz al-mal including employment type, savings and investments and house ownership.

**Table 1.** Indicators used for the preservation of wealth in empirical studies

<b>Authors</b>	<b>Indicators Suggested</b>
Ali & Hassan (2014)	<ul style="list-style-type: none"> <li>• Satisfaction with financial situation</li> <li>• Occurrence of robberies</li> <li>• Worry about losing job or not finding job</li> <li>•</li> </ul>
Mili (2014)	<ul style="list-style-type: none"> <li>• International property rights</li> <li>• Inclusive wealth index</li> </ul>
Amiruddin (2014)	<ul style="list-style-type: none"> <li>• \$1.25 poverty line</li> <li>• \$2 poverty line</li> <li>• Property security</li> </ul>
Bedoui (2014)	<ul style="list-style-type: none"> <li>• Freedom of enterprise</li> <li>• Employment and self-employment opportunities</li> <li>• GDP per capita</li> </ul>
Kasri & Ahmed (2015)	<ul style="list-style-type: none"> <li>• Skill, employability</li> <li>• Income</li> <li>• Purchasing power</li> <li>• Savings</li> </ul>
Ghazal and Zulkhibri (2016)	<ul style="list-style-type: none"> <li>• International property rights index</li> </ul>
Rama & Yusuf (2019)	<ul style="list-style-type: none"> <li>• Wealth ownership (Income per capita)</li> <li>• Wealth growth (GDP growth)</li> <li>• Wealth distribution (Gini ratio)</li> </ul>

Source: Various authors

## RESEARCH METHODOLOGY

The study was carried out by examining and analysing the literature on the creation of the socioeconomic development index. Journal articles, online materials and books were reviewed throughout the study. An inductive approach was used which entails significant reading in order to have an in-depth understanding of the literatures pertaining to the respective field of study. An analysis on the documents pertaining to the establishment of indicators for Hifz al-Mal including journal articles and books has been reviewed intensively. A comparison across studies also has been conducted to enhance the analysis process.

## DISCUSSION

The objective of the paper is to critically review the indicators proposed pertaining to the preservation of wealth in accordance with Maqasid al-Shariah. There are several findings worth highlighting from the analysis conducted. First, some indicators proposed were still conceptually defined by the conventional or western-centric view. For instance, GDP per capita indicator may still be bound in the western context since the component of GDP used may consist of non-halal production and activities such as *riba*-related transactions, alcohol production and prostitution. The element of investment that is included in the calculation of GDP may include investment in non-shariah products or schemes. There should be proper segregation between income earned from investment in conventional and Shariah products. This should help to better capture the development of Islamic finance, particularly in the capital market such as the issuance of sukuk and shariah compliant stocks.

Besides, most of the indicators proposed focused on the macro-level assessment of the socioeconomic development of a society or nation. This includes income GDP generated, International Property Rights Index, freedom of enterprise and purchasing power. It is undeniable that macro-level indicators are essential to assess the socioeconomic development at an aggregate level. Nevertheless, the inclusion of micro-level indicators, which zoom into the household-level analysis is crucial. The analysis at the household level can help to ensure that the distribution of economic resources has been carried out efficiently and should align with the development level reflected at an aggregate level of a country. The study also acknowledged the challenges in measuring the indicators proposed, particularly in operational level. The assessment towards Hifz al-mal must be done in accordance with Islamic law and availability of data is another concern.

Following this, the study proposed several indicators for the preservation of wealth in accordance with Maqasid al-Shariah as illustrated in Table 2. The indicators or variables suggested attempt to cover both macro and micro levels of socioeconomic assessment, with special reference to Hifz al-mal. The indicators recommended for the macro level aim to assess Hifz al-mal from a top-down approach while indicators for the micro level focus on a bottom-up approach in evaluating the index of preservation of wealth. The study opines that the variables proposed in Table 2 cover a wide range of arena of economic development including investment, savings, zakat, waqf, employment, Islamic banking and national income.

**Table 2.** Indicators suggested for the Hifz al-mal index

<b>Macro</b>	<b>Micro</b>
Purified GDP per capita over PLI	Household Income earn through halal medium over PLI
No of Shariah-compliant stock & Sukuk issuances	Savings/ investment in shariah compliant scheme
Zakat fund Collection & Distribution	Access to zakat assistance
Waqf fund Collection & Distribution	Access to waqf assistance
Total Asset of Islamic Banks over Total Asset of All Banks	Amount of household money that is borrowed or lent in interest-related transaction ( <i>riba</i> )
Employment rate under halal employment job	Easy access to halal job

## CONCLUSION

There is a growing interest in studying economic development from Islamic perspective, from the theoretical aspect to the methodology used. The study observed that many indicators or variables were proposed to align with the Maqasid al-Shariah including the need to preserve wealth. However, many of the indicators proposed could be challenged for several reasons. First, while the concept of economic development should be reflected from the Islamic way of life, some indicators proposed were derived from western economic development thinking. For instance, the measurement of Gross Domestic Product (GDP) may include economic activities that are partially against the principle of Islam such as involvement in interest (*riba*) transaction in financing and investment medium. Besides, an indicator such as savings and investments may not consider whether the fund is invested in a non-shariah investment scheme or product, which involve *riba* transaction. Islamic viewpoint stresses that any increases in wealth should not be at the expense of worship and responsibility towards religion. There is also a need to establish indicators that could reflect the micro-level assessment of socioeconomic development of a society. In addition, the indicators proposed should offer a value towards the design and execution of the policy. An economic development index needs to integrate indicators or variables that could have an impact towards policy-making decision.

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