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Beyond Profit Maximization: Reconstructing Conventional Strategic Management through the Perspective of Maqashid Shariah

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Abstract. The dominance of the profit maximization paradigm has profoundly shaped strategic management by positioning competitive advantage, shareholder value, and financial performance as the primary indicators of organizational success. Although contemporary strategic approaches increasingly incorporate sustainability, stakeholder engagement, and Environmental, Social, and Governance (ESG) principles, these elements are generally treated as instruments for enhancing competitiveness rather than as the fundamental purpose of organizational strategy. This conceptual study aims to reconstruct conventional strategic management through the philosophical perspective of Maqashid Shariah, repositioning maslahah as the overarching objective of strategic decision-making. The study adopts a qualitative conceptual research design based on critical literature analysis and theory synthesis, integrating established strategic management theories with the principles of Maqashid Shariah. The analysis demonstrates that strategic management requires a paradigm shift from profit maximization toward holistic value creation encompassing economic prosperity, ethical governance, stakeholder welfare, environmental stewardship, and spiritual accountability. Based on this synthesis, the study proposes the Maqashid Strategic Management Framework (MSMF), which integrates five strategic dimensions into a coherent framework for sustainable organizational excellence. Furthermore, the study introduces Maslahah Advantage as a novel higher-order strategic construct that extends the traditional concept of competitive advantage by emphasizing multidimensional value creation aligned with the objectives of Maqashid Shariah. The proposed framework contributes to strategic management theory by providing an alternative philosophical foundation for evaluating organizational success while offering practical guidance for organizations seeking ethical, sustainable, and human-centered strategic development.

Keywords: Competitive Advantage; Maqashid Shariah; Maslahah Advantage; Strategic Management; Sustainable Strategy.

1. INTRODUCTION

The increasingly volatile, uncertain, complex and ambiguous (VUCA) business environment has fundamentally transformed the way organizations formulate and implement strategic decisions. Rapid technological advancement, digital transformation, climate change, geopolitical conflicts, economic uncertainty and growing stakeholder expectations have challenged organizations to redefine the meaning of sustainable organizational success. Traditionally, strategic management has been developed to help organizations achieve sustainable competitive advantage through effective resource allocation, market positioning, innovation, and superior organizational capabilities (Barney, 1991; Porter, 1980; Teece, 2016). Consequently, profitability, shareholder wealth, market dominance and firm performance have become the dominant indicators of strategic success.

The dominance of the profit-maximization paradigm has significantly influenced the evolution of strategic management theory. Classical and contemporary strategic frameworks including Competitive Strategy (Porter, 1980), the Resource-Based View (Barney, 1991), Dynamic Capabilities (Teece, 2016), Blue Ocean Strategy (Kim, 2016) and Creating Shared

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Value (Porter & Kramer, 2011) have substantially contributed to organizational competitiveness and value creation. Despite their theoretical differences, these perspectives share a common assumption that economic value creation represents the ultimate objective of organizational strategy. Ethical responsibility, sustainability and stakeholder welfare are generally treated as strategic instruments that support long-term profitability and competitive advantage rather than as strategic ends in themselves.

Over the past decade, organizations have faced increasingly complex sustainability challenges. Climate change, biodiversity loss, geopolitical instability, supply chain disruptions, technological transformation, cyber risks and widening social inequality have intensified pressure on businesses to adopt more responsible strategic approaches. The World Economic Forum's Global Risks Report consistently identifies environmental degradation, misinformation, cyber insecurity and societal polarization as among the most significant threats to global economic stability and business sustainability. Likewise, recent KPMG Sustainability Reporting Surveys indicate that sustainability reporting and ESG integration have become mainstream corporate practices, while the PwC Global CEO Survey highlights that business leaders increasingly perceive sustainability, stakeholder trust and responsible governance as strategic priorities for maintaining long-term competitiveness.

Nevertheless, these developments also expose an important paradox. Although organizations increasingly adopt ESG strategies, sustainability reporting and stakeholder-oriented governance, strategic success continues to be predominantly measured through financial indicators such as profitability, shareholder returns, firm value and market performance. Sustainability initiatives are frequently justified because they enhance competitiveness, reduce business risk, improve corporate reputation or strengthen financial performance rather than because they represent the fundamental purpose of organizational existence (Suryani et al., 2026). Consequently, contemporary strategic management has expanded its strategic instruments without substantially transforming its philosophical foundation.

Recent corporate failures further demonstrate the limitations of an exclusively profit-oriented strategic paradigm. Corporate scandals involving multinational corporations such as Volkswagen, Wirecard and other governance failures illustrate that strong financial performance and sophisticated strategic capabilities do not necessarily ensure ethical conduct, organizational legitimacy or long-term sustainability. Organizations may achieve superior economic performance while simultaneously generating environmental degradation,

governance failures, stakeholder distrust, and social inequality. These realities suggest that financial success alone is insufficient as the ultimate measure of strategic effectiveness.

From an Islamic perspective, organizational success is understood within a broader philosophical framework. Islam recognizes profitability as a legitimate outcome of business activities but not as the ultimate organizational objective. Instead, organizations are expected to pursue maslahah (public welfare) by preserving the objectives of Maqashid Shariah, namely the protection of religion (hifz al-din), life (hifz al-nafs), intellect (hifz al-'aql), lineage (hifz al-nasl), and wealth (hifz al-mal) (Al-Shatibi, 2005; Auda, 2008; Kamali, 2008). Within this philosophical perspective, organizational strategies should simultaneously create economic prosperity, ethical integrity, social justice, environmental stewardship and spiritual accountability. Consequently, organizational excellence should not merely be evaluated based on financial outcomes but also on its contribution to comprehensive human well-being and sustainable societal development.

The growing literature on Islamic economics and Islamic management has increasingly recognized the importance of Maqashid Shariah in Islamic banking, Islamic finance, halal industries, waqf management, zakat institutions, corporate governance and sustainable development. However, these studies predominantly apply Maqashid Shariah as an evaluative framework for Islamic institutions rather than as a philosophical foundation capable of reconstructing mainstream strategic management theory. Meanwhile, contemporary strategic management studies discussing sustainability, ESG, stakeholder capitalism and responsible business rarely integrate Islamic philosophical principles into their theoretical foundations. As a result, the dialogue between strategic management theory and Maqashid Shariah remains fragmented and underdeveloped.

This situation reveals two important research gaps. First, a theoretical gap exists because contemporary strategic management continues to position profit maximization, shareholder value and competitive advantage as the primary objectives of organizational strategy, while ethical responsibility, sustainability and stakeholder welfare remain instrumental outcomes. Consequently, the integration of spiritual accountability and holistic human well-being into strategic management remains conceptually limited. Second, a contextual gap exists because previous studies on Maqashid Shariah have predominantly focused on Islamic finance, Islamic governance and halal business, with limited attention devoted to reconstructing the philosophical assumptions underlying strategic management itself. Therefore, no comprehensive conceptual framework currently positions Maqashid Shariah as the central objective of strategic management.

Accordingly, this article argues that strategic management should move beyond profit maximization by reconstructing its philosophical foundation through the lens of Maqashid Shariah. Rather than rejecting profitability or competitive advantage, this study proposes repositioning profit as an instrumental outcome of organizational activities while placing maslahah as the ultimate strategic objective. Such reconstruction enables organizations to integrate competitive advantage, stakeholder welfare, ethical governance, environmental sustainability and spiritual accountability within a single strategic framework.

The novelty of this paper lies in three important contributions. First, it provides a philosophical critique of the dominant profit-maximization paradigm that has shaped conventional strategic management theory. Second, it reconstructs strategic management by positioning Maqashid Shariah as the philosophical foundation of strategic decision-making rather than merely as an ethical complement. Third, this article proposes a new conceptual model, namely the Maqashid Strategic Management Framework (MSMF), which integrates competitive advantage, sustainability, stakeholder welfare, ethical governance, and spiritual accountability under the overarching objective of maslahah.

Therefore, this conceptual study aims to critically examine the limitations of the conventional profit-maximization paradigm, explore the relevance of Maqashid Shariah as an alternative philosophical foundation for strategic management, and develop a comprehensive conceptual framework capable of reconstructing strategic management toward a more ethical, sustainable, and human-centered organizational paradigm. By doing so, this study is expected to contribute to the advancement of strategic management theory while enriching contemporary discussions regarding the integration of Islamic philosophy into modern management scholarship.

2. LITERATURE REVIEW

Strategic Management and the Profit Maximization Paradigm

Strategic management has long been recognized as one of the most influential disciplines in management science, providing organizations with a systematic framework for achieving long-term competitiveness and sustainable organizational performance. Since the pioneering works of Porter (1980, 1998), strategic management has evolved around the formulation and implementation of strategies that enable firms to create and sustain competitive advantage. Porter (1998) argued that organizations achieve superior performance by developing cost leadership, differentiation, or focus strategies capable of generating superior economic value relative to competitors. This perspective established competitive advantage as the central

objective of strategic management and significantly influenced subsequent theoretical developments.

The emergence of the Resource-Based View (RBV) further strengthened this paradigm by shifting attention from industry positioning to internal organizational resources. Barney (1991) proposed that firms achieve sustainable competitive advantage through valuable, rare, inimitable, and non-substitutable (VRIN) resources. Rather than emphasizing external market positioning, RBV highlights the strategic importance of organizational capabilities in creating long-term economic value. This perspective was subsequently extended through the Dynamic Capabilities Theory, which emphasizes an organization's ability to integrate, build, and reconfigure internal and external resources to respond to rapidly changing business environments (Alqahtani et al., 2025; Eisenhardt & Martin, 2000; Teece, 2016).

Subsequent developments in strategic management increasingly emphasized innovation as a key source of competitive advantage. Blue Ocean Strategy introduced by Kim (2016) challenged traditional competition-based strategies by encouraging firms to create uncontested market spaces through value innovation rather than competing within existing markets. Likewise, the concept of Creating Shared Value (CSV) proposed by Porter & Kramer (2011) broadened the role of business by arguing that organizations could simultaneously generate economic value and social value. Although these developments represent important milestones in strategic management, competitive advantage and economic value creation remain the ultimate strategic objectives.

More recently, contemporary strategic management has increasingly incorporated sustainability, stakeholder engagement, and Environmental, Social, and Governance (ESG) principles into strategic decision-making. These developments reflect a broader recognition that long-term organizational success depends not only on financial performance but also on environmental stewardship, ethical governance, and stakeholder relationships. Embedded sustainability, stakeholder capitalism, and responsible business strategies have become important themes in strategic management literature, reflecting growing concern regarding climate change, social inequality, and corporate accountability (Gidage & Bhide, 2024; Pujiyono et al., 2025). Nevertheless, these approaches generally maintain an instrumental perspective, in which sustainability contributes to competitive advantage, corporate reputation, organizational legitimacy, and long-term profitability rather than redefining the fundamental purpose of strategic management itself.

Consequently, despite significant theoretical evolution over the last four decades, strategic management continues to be largely grounded in an economic rationality that

positions profit maximization, shareholder value and competitive advantage as the primary indicators of organizational success. Ethical responsibility, stakeholder welfare, and environmental sustainability are generally incorporated because they improve organizational performance rather than because they constitute intrinsic strategic objectives. This orientation reveals an important philosophical limitation within conventional strategic management, particularly in addressing contemporary challenges related to sustainability, social justice, and moral responsibility.

From a broader philosophical perspective, organizations are social institutions whose responsibilities extend beyond generating economic returns. The increasing complexity of global business challenges including climate change, governance failures, widening social inequality, and declining public trust suggests that strategic management requires a more comprehensive normative foundation capable of integrating economic performance with ethical responsibility and societal well-being. This limitation provides the basis for exploring alternative philosophical perspectives capable of reconstructing the fundamental objectives of strategic management.

In this regard, Maqashid Shariah offers an alternative framework that extends organizational objectives beyond economic value creation toward the realization of maslahah (public welfare). Rather than rejecting profitability, Maqashid Shariah repositions profit as one component of a broader organizational mission encompassing ethical integrity, justice, sustainability, and spiritual accountability. Therefore, examining Maqashid Shariah as a philosophical foundation for strategic management represents an important step toward developing a more holistic and sustainable strategic paradigm.

Maqashid Shariah as a Philosophical Foundation for Strategic Management

Maqashid Shariah represents one of the most comprehensive philosophical frameworks in Islamic thought for understanding the ultimate objectives of human activities, including economic and organizational behavior. The concept originated from classical Islamic jurisprudence and was systematically developed by prominent scholars such as Al-Juwayni, Al-Ghazali, and Al-Shatibi before being further expanded by contemporary scholars including Ibn Ashur, Mohammad Hashim Kamali, and Jasser Auda. Unlike legalistic interpretations that focus primarily on compliance with specific religious rulings, Maqashid Shariah emphasizes the higher objectives (maqasid) underlying Islamic law, thereby providing a normative framework for promoting comprehensive human welfare (maslahah) across all dimensions of life.

Classically, Maqashid Shariah seeks to preserve five essential dimensions of human existence: the protection of religion (hifz al-din), life (hifz al-nafs), intellect (hifz al-'aql), lineage (hifz al-nasl), and wealth (hifz al-mal) (Al-Shatibi, 2005; Kamali, 2008). These five objectives collectively establish a holistic conception of human well-being that integrates material prosperity with ethical responsibility, social justice, and spiritual fulfillment. Consequently, economic activities are not evaluated solely according to their capacity to generate financial returns but also according to their contribution to preserving these essential dimensions of human welfare.

Contemporary interpretations have significantly expanded the relevance of Maqashid Shariah beyond Islamic jurisprudence. (Auda, 2008) argues that Maqashid Shariah should be understood through a systems approach that emphasizes openness, multidimensionality, interconnectedness, and continuous development. Under this perspective, organizations are viewed as dynamic systems operating within broader economic, social, environmental, and institutional contexts. Strategic decisions therefore cannot be evaluated solely through financial outcomes but must also consider their long-term consequences for stakeholders, society, future generations, and the environment.

Within management studies, Maqashid Shariah has increasingly been adopted as a normative framework for evaluating organizational performance. Previous studies have applied Maqashid principles to Islamic banking, corporate governance, zakat institutions, waqf management, halal industries, corporate social responsibility, and sustainable development. These studies consistently argue that organizational success should extend beyond profitability by incorporating justice (adl), trustworthiness (amanah), social responsibility (mas'uliyyah), and public welfare (maslahah). However, despite these valuable contributions, Maqashid Shariah has largely remained an evaluative framework rather than serving as a foundational theory capable of reconstructing strategic management itself.

From the perspective of strategic management, this distinction is particularly important. Conventional strategic theories generally define organizational objectives in terms of economic value creation, competitive positioning, or shareholder wealth maximization. Ethical responsibility is typically incorporated only when it contributes to organizational legitimacy or financial performance. By contrast, Maqashid Shariah reverses this causal relationship. Organizational strategies are expected to generate competitive advantage because they contribute to human welfare, not merely because they increase profitability. Accordingly, profit becomes an important organizational outcome, yet it no longer represents the ultimate purpose of strategic decision-making.

This philosophical distinction fundamentally alters the meaning of organizational success. Under the conventional paradigm, organizational performance is primarily assessed through financial indicators, market share, shareholder value, or competitive superiority. In contrast, the Maqashid perspective evaluates organizations according to their ability to simultaneously generate economic prosperity, social justice, environmental sustainability, ethical governance and spiritual accountability. Consequently, strategic success is not measured only by what organizations earn but also by how they create value, whom they benefit, and whether their activities contribute to the realization of comprehensive societal welfare.

Another important implication concerns the concept of stakeholder relationships. Stakeholder Theory argues that organizations should create value for multiple stakeholder groups rather than focusing exclusively on shareholders (Freeman, 1984). Although this perspective broadens the scope of organizational responsibility, stakeholder interests remain largely interpreted within an economic and managerial framework. Maqashid Shariah extends this perspective by positioning stakeholders not merely as parties whose interests should be balanced but as beneficiaries of an overarching ethical mission aimed at realizing maslahah. Consequently, organizational responsibilities encompass not only shareholders, employees, customers, suppliers, and governments but also future generations, ecological systems, and ultimately accountability before Allah SWT.

Therefore, Maqashid Shariah offers more than an ethical supplement to conventional strategic management. It provides an alternative philosophical foundation capable of redefining the fundamental objectives of organizational strategy. Rather than viewing competitive advantage as the ultimate organizational destination, Maqashid Shariah positions competitive advantage as one strategic mechanism through which organizations pursue broader societal welfare. This philosophical shift provides the theoretical basis for reconstructing strategic management from a paradigm centered on profit maximization toward one oriented to maslahah maximization, thereby laying the conceptual foundation for the Maqashid Strategic Management Framework proposed in this study.

Toward a Maqashid Strategic Management Framework

The preceding discussion demonstrates that conventional strategic management has undergone substantial theoretical evolution, progressing from industry positioning to resource-based capabilities, dynamic capabilities, value innovation, stakeholder engagement, and sustainability-oriented strategies. Despite these developments, the dominant strategic paradigm continues to regard economic value creation as the primary objective of organizational strategy.

Competitive advantage, firm performance, shareholder value, and profitability remain the principal criteria by which strategic success is evaluated. Consequently, ethical responsibility, environmental sustainability, and stakeholder welfare are generally positioned as strategic instruments rather than as the ultimate purpose of organizational existence.

This study argues that contemporary strategic management requires a more fundamental philosophical reconstruction. Instead of redefining only the instruments of strategy, organizations must reconsider the ultimate purpose of strategy itself. From the perspective of Maqashid Shariah, organizational strategy should not merely maximize shareholder wealth but should create comprehensive maslahah, encompassing economic prosperity, social justice, environmental sustainability, ethical governance, and spiritual accountability. Therefore, strategic management should be understood as a process of creating sustainable human welfare rather than merely generating superior economic performance.

Based on this perspective, this study proposes the Maqashid Strategic Management Framework (MSMF). The framework conceptualizes organizational strategy as a multidimensional process that integrates conventional strategic capabilities with the higher objectives of Maqashid Shariah. Unlike existing strategic management theories, which primarily evaluate organizational success through financial performance and competitive advantage, MSMF positions maslahah as the overarching strategic objective, while competitive advantage functions as an important but instrumental outcome.

The proposed framework consists of five interrelated strategic dimensions.

The first dimension is Strategic Competitiveness, which encompasses the organization's ability to create competitive advantage through innovation, organizational capabilities, operational excellence, and market responsiveness. This dimension recognizes the continuing relevance of conventional strategic management theories, including Competitive Strategy, the Resource-Based View, Dynamic Capabilities, and Blue Ocean Strategy. Organizations must remain competitive to ensure long-term sustainability and value creation.

The second dimension is Ethical Governance, emphasizing integrity, transparency, accountability, trustworthiness (amanah), and justice (adl) in strategic decision-making. Ethical governance ensures that organizational strategies comply not only with legal requirements but also with moral responsibilities toward stakeholders and society. Rather than functioning as a compliance mechanism, ethical governance becomes an integral component of strategic excellence.

The third dimension is Stakeholder and Social Welfare, which extends organizational objectives beyond shareholder interests. Building upon Stakeholder Theory, this dimension

argues that organizations should actively generate benefits for employees, customers, suppliers, communities, governments, and future generations. Within the Maqashid perspective, stakeholder welfare is not merely a managerial obligation but an essential manifestation of maslahah.

The fourth dimension is Environmental Stewardship, recognizing the responsibility of organizations to preserve natural resources and ecological sustainability. Contemporary sustainability challenges require organizations to integrate environmental considerations into strategic planning rather than treating them as peripheral corporate responsibility initiatives. This dimension reflects the Islamic principle of khalifah, whereby human beings are entrusted with safeguarding the environment for future generations.

The fifth dimension is Spiritual Accountability, representing the distinctive contribution of Maqashid Shariah to strategic management theory. Unlike conventional management frameworks, MSMF recognizes that organizational decisions are ultimately accountable not only to stakeholders but also to Allah SWT. Consequently, organizational strategies must align with moral values, ethical conduct, and spiritual responsibility while pursuing long-term societal welfare.

These five dimensions interact dynamically to generate maslahah, which represents the highest strategic objective of organizational management. Within the proposed framework, profitability, competitive advantage, organizational growth, and shareholder value remain important organizational outcomes. However, these outcomes are regarded as strategic consequences rather than ultimate objectives. In other words, organizations achieve sustainable financial performance because they consistently create value for society, protect the environment, uphold ethical governance, and fulfill their broader social responsibilities.

Accordingly, this study proposes a fundamental paradigm shift from profit maximization toward maslahah maximization. This reconstruction does not reject existing strategic management theories; rather, it reinterprets them within a broader philosophical framework. Competitive advantage remains necessary, innovation remains essential, and organizational capabilities remain strategically valuable. Nevertheless, these strategic capabilities should ultimately contribute to the realization of comprehensive human welfare, thereby transforming strategic management into an integrated system of economic excellence, ethical responsibility, environmental sustainability, and spiritual accountability.

The proposed Maqashid Strategic Management Framework therefore contributes to strategic management literature by expanding the philosophical boundaries of organizational strategy. Instead of positioning organizations as purely economic actors, MSMF conceptualizes

organizations as institutions responsible for generating sustainable prosperity, justice, and societal well-being. This perspective provides a new theoretical foundation capable of integrating contemporary strategic management with Islamic philosophical principles while addressing the increasingly complex sustainability challenges confronting modern organizations.

3. RESEARCH METHOD

This study employs a conceptual research design using a qualitative approach based on critical literature analysis and theory synthesis. Unlike empirical studies that rely on primary data collection, conceptual research aims to develop new theoretical insights by critically examining, integrating, and reconstructing existing bodies of knowledge (Jaakkola, 2020). Accordingly, this study does not seek to test hypotheses empirically but rather to construct a new conceptual framework for strategic management through the integration of conventional strategic management theories and the philosophical principles of Maqashid Shariah (Figure 1).

The research process consisted of three sequential stages. The first stage involved identifying and reviewing the dominant theories of strategic management, including Competitive Strategy, the Resource-Based View (RBV), Dynamic Capabilities, Blue Ocean Strategy, Stakeholder Theory, Creating Shared Value, and sustainability-oriented strategic management. These theories were examined to understand their underlying assumptions regarding organizational objectives, competitive advantage, value creation, and business performance.

The second stage involved a comprehensive review of classical and contemporary literature on Maqashid Shariah. Classical sources included the works of Al-Ghazali (1993) and Shāṭibī (1920), while contemporary perspectives were primarily drawn from Jasser Auda, Mohammad Hashim Kamali, and recent scholarly discussions on Islamic management, Islamic business ethics, Islamic corporate governance, and sustainable development. This stage focused on identifying the philosophical principles underlying Maqashid Shariah and their potential relevance to organizational strategy.

The third stage consisted of theoretical synthesis and conceptual reconstruction. During this stage, the concepts derived from strategic management literature were critically compared with the principles of Maqashid Shariah to identify philosophical inconsistencies, conceptual limitations, and opportunities for theoretical integration. The synthesis process subsequently led to the development of the Maqashid Strategic Management Framework (MSMF) as a new

conceptual model positioning maslahah as the ultimate objective of organizational strategy while maintaining the importance of competitive advantage, organizational capabilities, sustainability, stakeholder welfare, ethical governance, and spiritual accountability.



Figure 1. Maqashid Strategic Management Framework.

The analysis adopted a critical interpretive approach, emphasizing conceptual comparison rather than empirical verification. Existing strategic management theories were evaluated based on their philosophical assumptions regarding organizational success, while Maqashid Shariah was analyzed as an alternative normative framework capable of reconstructing the objectives of strategic management. Through iterative comparison, abstraction, and conceptual integration, this study developed a more comprehensive theoretical perspective for understanding organizational strategy in contemporary business environments.

To enhance conceptual rigor, the study followed the methodological principles of conceptual theory development proposed by Jaakkola (2020), which emphasize problem identification, critical analysis of existing theories, conceptual integration, and theory building. Furthermore, the study employed an extensive review of peer-reviewed journal articles, academic books, and internationally recognized scholarly publications related to strategic management, sustainability, stakeholder theory, ESG, Islamic economics and Maqashid Shariah. Preference was given to recent publications indexed in Scopus while maintaining seminal references that have significantly shaped the development of strategic management theory.

Accordingly, the methodological contribution of this study lies not in empirical testing but in developing a theoretically grounded conceptual framework capable of extending contemporary strategic management beyond the conventional profit-maximization paradigm toward a more holistic, ethical, and sustainable organizational philosophy.

4. RESULTS AND DISCUSSION

The Evolution of Strategic Management Beyond Profit Maximization

The synthesis of the literature reveals that strategic management has undergone substantial evolution over the past four decades. Initially, strategic management focused primarily on achieving competitive advantage through market positioning, cost efficiency, and product differentiation. Porter (1980, 1998) Competitive Strategy established the foundation for this paradigm by arguing that firms outperform competitors through cost leadership, differentiation, or focus strategies. Within this perspective, organizational success is primarily determined by a firm's ability to create superior economic value relative to its competitors.

The emergence of the Resource-Based View (RBV) shifted attention from industry structure toward internal organizational resources and capabilities. Barney (1991) argued that sustainable competitive advantage originates from valuable, rare, inimitable, and non-substitutable (VRIN) resources, thereby emphasizing organizational capabilities as the primary source of long-term competitiveness. This perspective was later extended by the Dynamic Capabilities framework (Alqahtani et al., 2025; Eisenhardt & Martin, 2000; Teece, 2016), which highlighted an organization's capacity to continuously adapt and reconfigure its resources in response to rapidly changing environments.

Subsequent developments increasingly recognized that organizational success cannot rely solely on operational efficiency or internal resources. Kim (2016) introduced Blue Ocean Strategy, encouraging firms to create uncontested market spaces through value innovation rather than direct competition. Porter & Kramer (2011) further broadened strategic thinking through the concept of Creating Shared Value (CSV), emphasizing that businesses could simultaneously generate economic and social value. More recently, sustainability-oriented strategic management, Environmental, Social, and Governance (ESG), stakeholder capitalism, and responsible business have become dominant themes in contemporary strategic management literature, reflecting growing concern regarding climate change, ethical governance, and stakeholder expectations.

Despite these significant developments, this study finds that contemporary strategic management remains fundamentally anchored in the paradigm of economic value creation.

Although the instruments of strategy have evolved from competitive positioning to sustainability and stakeholder engagement the ultimate objective continues to be evaluated through profitability, shareholder value, market performance, and competitive superiority. Ethical responsibility, environmental stewardship, and stakeholder welfare are generally incorporated because they contribute to organizational performance rather than because they constitute the primary purpose of organizational strategy.

This observation indicates that the evolution of strategic management has largely occurred at the level of strategic mechanisms rather than at the level of philosophical objectives. In other words, organizations have expanded the means by which competitive advantage is achieved without substantially redefining what strategic success ultimately represents. Consequently, sustainability initiatives, ESG practices, and stakeholder engagement often remain instrumental strategies aimed at improving organizational legitimacy, mitigating business risk, or enhancing long-term financial performance.

Tabel 1 illustrates the conceptual evolution of strategic management proposed in this study. Rather than rejecting previous strategic management theories, this study argues that each theoretical development has progressively broadened the understanding of organizational success. However, a fundamental philosophical shift remains necessary to reposition organizational purpose beyond purely economic objectives.

Table 1. Evolution of Strategic Management Paradigms.

Period	Dominant Theory	Strategic Orientation	Ultimate Objective
1980s	Competitive Strategy	Industry Positioning	Competitive Advantage
1990s	Resource-Based View	Strategic Resources	Sustainable Competitive Advantage
Late 1990s	Dynamic Capabilities	Organizational Agility	Long-term Competitiveness
2000s	Blue Ocean Strategy	Value Innovation	Market Creation
2010s	Creating Shared Value	Shared Economic and Social Value	Sustainable Profitability
2020s	ESG and Sustainability	Responsible Business	Sustainable Competitive Performance
Proposed Framework	Maqashid Strategic Management Framework	Maslahah-Oriented Strategy	Maslahah and Falah

The proposed evolution demonstrates that the strategic management discipline is gradually moving toward broader conceptions of organizational responsibility. Nevertheless, existing theories continue to emphasize organizational performance as the principal measure of success. This study therefore proposes that the next stage in the evolution of strategic management should not merely introduce new strategic instruments but should fundamentally reconstruct the philosophical objective of organizational strategy. In this context, Maqashid Shariah provides an alternative foundation capable of transforming strategic management from

a profit-centered paradigm toward a maslahah-centered paradigm, where economic performance functions as a strategic outcome rather than the ultimate organizational purpose

Reconstructing Strategic Management through the Lens of Maqashid Shariah

The findings of this conceptual analysis indicate that the fundamental limitation of conventional strategic management lies not in its strategic mechanisms but in its philosophical orientation. Existing strategic management theories including Competitive Strategy, the Resource-Based View, Dynamic Capabilities, Blue Ocean Strategy, and sustainability-oriented approaches have substantially expanded managerial tools for creating organizational competitiveness. Nevertheless, these theories continue to assume that competitive advantage, shareholder value, and financial performance constitute the ultimate objectives of organizational strategy. Consequently, ethical responsibility, environmental sustainability, and stakeholder welfare are generally positioned as instrumental means for enhancing organizational performance rather than as intrinsic strategic objectives.

From the perspective of Maqashid Shariah, this philosophical orientation requires fundamental reconstruction. Islamic strategic thought recognizes economic prosperity as an important organizational outcome; however, wealth creation is not considered the ultimate purpose of organizational existence. Instead, organizations are expected to generate maslahah, defined as comprehensive human welfare achieved through preserving the essential objectives of Shariah, including the protection of religion (hifz al-din), life (hifz al-nafs), intellect (hifz al-'aql), lineage (hifz al-nasl), and wealth (hifz al-mal). Accordingly, organizational strategy should simultaneously pursue economic prosperity, ethical integrity, environmental sustainability, social justice, and spiritual accountability.

This perspective fundamentally changes the way strategic success is understood. Under the conventional paradigm, strategic effectiveness is primarily evaluated through profitability, market share, shareholder returns, and competitive superiority. By contrast, the Maqashid perspective evaluates organizational success according to the extent to which strategic decisions generate balanced value across economic, social, environmental, ethical, and spiritual dimensions. Profit therefore becomes an important organizational outcome rather than the ultimate purpose of strategic management.

The reconstruction proposed in this study does not reject the theoretical contributions of conventional strategic management. Instead, it repositions them within a broader philosophical hierarchy. Competitive advantage remains essential because organizations require financial sustainability to survive and create value. Likewise, innovation, organizational capabilities, operational excellence, and strategic flexibility continue to represent critical organizational

competencies. However, these strategic capabilities should ultimately function as mechanisms for achieving maslahah, rather than being treated as ends in themselves.

This conceptual reconstruction also expands the meaning of value creation. Conventional strategic management generally defines organizational value in terms of customer value, shareholder value, or economic value added. The Maqashid perspective broadens this concept by emphasizing holistic value creation, encompassing economic prosperity, social justice, environmental preservation, ethical governance and spiritual well-being. Consequently, organizations become institutions responsible not only for generating wealth but also for promoting sustainable human flourishing. Figure 2 presents the conceptual reconstruction proposed in this study.



Figure 2. Reconstructing Strategic Management through the Lens of Maqashid Shariah.

The reconstructed framework illustrates that the principal transformation does not occur at the operational level but rather at the philosophical level of strategic management. While conventional theories primarily define strategy as a means of achieving competitive superiority, the Maqashid perspective redefines strategy as a comprehensive process for realizing sustainable human welfare. Consequently, organizations are no longer evaluated solely by the wealth they generate but also by the societal value they create, the ethical standards they uphold, the environmental resources they preserve, and their accountability before Allah SWT.

This reconstruction provides the theoretical foundation for the Maqashid Strategic Management Framework (MSMF) proposed in this study. Rather than replacing existing strategic management theories, MSMF integrates their strengths within a broader normative framework capable of addressing the multidimensional challenges facing contemporary organizations.

The Maqashid Strategic Management Framework (MSMF)

The conceptual reconstruction presented in the previous section provides the foundation for developing the Maqashid Strategic Management Framework (MSMF). This framework represents the principal theoretical contribution of the present study by integrating the strengths

of conventional strategic management with the philosophical principles of Maqashid Shariah. Rather than replacing existing strategic theories, MSMF extends them by redefining the ultimate purpose of organizational strategy from economic value creation toward the realization of maslahah and ultimately falah.

The framework recognizes that organizations continue to require competitive capabilities, innovation, operational excellence, and strategic adaptability to survive within increasingly competitive business environments. Nevertheless, these capabilities should no longer be viewed as organizational ends but rather as strategic mechanisms for creating holistic value that benefits individuals, society, the environment, and future generations.

Accordingly, MSMF consists of five interrelated strategic dimensions that collectively guide organizations toward sustainable organizational excellence.

Strategic Competitiveness

The first dimension, Strategic Competitiveness, represents the organization's capability to develop sustainable competitive advantages through innovation, organizational learning, strategic flexibility, resource optimization, and value creation. This dimension incorporates the major contributions of conventional strategic management theories, including Competitive Strategy, the Resource-Based View, Dynamic Capabilities, and Blue Ocean Strategy.

Within the MSMF, however, competitiveness is not considered the ultimate organizational objective. Instead, competitive capability functions as an enabling mechanism that allows organizations to continuously generate benefits for stakeholders while ensuring long-term organizational sustainability. Consequently, competitive advantage becomes a strategic capability rather than a strategic destination.

Ethical Governance

The second dimension emphasizes Ethical Governance, reflecting the Islamic principles of amanah (trustworthiness), adl (justice), ihsan (excellence), and transparency. Ethical governance extends beyond compliance with legal regulations by embedding moral responsibility into strategic decision-making.

Unlike conventional governance models that primarily seek to protect shareholder interests, ethical governance within MSMF requires organizational leaders to balance accountability toward shareholders, stakeholders, society, and ultimately Allah SWT. Strategic decisions therefore become moral decisions that influence not only organizational performance but also societal welfare.

Stakeholder Welfare

Stakeholder Welfare represents the third strategic dimension. Building upon Stakeholder Theory (Freeman, 1984), MSMF broadens organizational responsibility from maximizing shareholder value to creating comprehensive welfare for all stakeholders. These include employees, customers, suppliers, investors, governments, local communities, and future generations.

From the Maqashid perspective, stakeholders are not merely strategic resources but beneficiaries of organizational responsibility. Therefore, organizations should formulate strategies capable of generating inclusive and equitable value creation that contributes directly to maslahah.

Environmental Stewardship

Environmental Stewardship constitutes the fourth dimension of MSMF. Contemporary organizations increasingly operate within ecosystems facing climate change, biodiversity loss, resource scarcity, and environmental degradation. Consequently, environmental sustainability should no longer be considered a peripheral corporate social responsibility initiative but an integral component of strategic management.

The Islamic principle of khalifah emphasizes humanity's responsibility as steward of the Earth. Accordingly, organizational strategies should actively preserve ecological balance, minimize environmental impacts, promote responsible resource utilization, and contribute to sustainable development.

Spiritual Accountability

The fifth dimension represents the distinctive contribution of MSMF compared with existing strategic management theories. Spiritual Accountability recognizes that organizational decision-makers are accountable not only to organizational stakeholders but ultimately to Allah SWT.

This higher level of accountability fundamentally transforms managerial behavior. Strategic decisions are evaluated not only according to legality or profitability but also according to their ethical legitimacy, sincerity of intention, fairness, and long-term societal consequences. Consequently, spirituality becomes an integral component of organizational strategy rather than merely an individual characteristic of organizational leaders.

Integration of the Five Strategic Dimensions

Although each dimension contributes independently to organizational excellence, the five dimensions operate as an integrated strategic system. Strategic competitiveness ensures organizational resilience; ethical governance guarantees responsible decision-making;

stakeholder welfare strengthens organizational legitimacy; environmental stewardship promotes sustainability; and spiritual accountability provides moral direction for strategic actions.

Collectively, these dimensions generate Sustainable Maslahah, which represents the immediate strategic outcome of MSMF. Sustainable Maslahah subsequently contributes to the realization of Falah, understood as comprehensive organizational success encompassing economic prosperity, social justice, environmental sustainability, ethical integrity, and spiritual fulfillment.

Accordingly, MSMF shifts the evaluation of organizational success from a predominantly financial perspective toward a multidimensional framework that simultaneously recognizes economic, social, environmental, ethical, and spiritual performance. In doing so, the framework responds to contemporary sustainability challenges while offering a new philosophical foundation for strategic management grounded in the principles of Maqashid Shariah.

From Competitive Advantage to Maslahah Advantage

The preceding discussion demonstrates that conventional strategic management has traditionally regarded competitive advantage as the principal determinant of organizational success. Since the publication of Porter's Competitive Strategy (1980) and Competitive Advantage (1985), organizations have primarily formulated strategies to outperform competitors, increase profitability, strengthen market positions, and maximize shareholder value. Subsequent theoretical developments including the Resource-Based View (Barney, 1991), Dynamic Capabilities (Teece, 2016), Blue Ocean Strategy (Kim, 2016), and Creating Shared Value (Porter & Kramer, 2011) have significantly broadened the mechanisms through which organizations achieve competitiveness. Nevertheless, these theories continue to evaluate strategic success primarily through superior organizational performance and economic value creation.

The conceptual synthesis developed in this study suggests that competitive advantage alone is no longer sufficient to explain sustainable organizational success. Contemporary organizations operate within increasingly complex economic, social, environmental, technological, and ethical environments where organizational legitimacy depends not only on financial performance but also on the ability to create long-term value for society. Consequently, strategic management requires a broader conceptualization of organizational advantage that extends beyond market superiority toward comprehensive human welfare.

Based on this argument, this study introduces the concept of Maslahah Advantage as a new strategic construct.

Definition of Maslahah Advantage

Maslahah Advantage refers to an organization's capability to achieve sustainable organizational excellence by simultaneously generating economic value, stakeholder welfare, ethical governance, environmental sustainability, and spiritual accountability in accordance with the principles of Maqashid Shariah.

Unlike competitive advantage, which emphasizes outperforming competitors within the marketplace, Maslahah Advantage emphasizes the organization's ability to create multidimensional value that benefits individuals, society, the environment, and future generations while maintaining sustainable organizational competitiveness. Therefore, competitive superiority becomes one component of a broader organizational mission rather than the ultimate objective of strategic management.

This conceptualization expands the meaning of organizational value creation. Under the conventional paradigm, value is generally interpreted through profitability, shareholder wealth, customer satisfaction, or market performance. Within the proposed framework, value encompasses five integrated dimensions: (a) Economic Value, reflecting organizational productivity, profitability, innovation, and long-term financial sustainability. (b) Social Value, representing organizational contributions to stakeholder welfare, community development, equity, and inclusive prosperity. (c) Ethical Value, emphasizing integrity, transparency, justice (adl), trustworthiness (amanah), and responsible governance. (d) Environmental Value, referring to organizational commitments toward ecological preservation, responsible resource utilization, and sustainable development. (e) Spiritual Value, recognizing organizational accountability before Allah SWT and the alignment of strategic decisions with the higher objectives of Maqashid Shariah.

Accordingly, organizations possessing Maslahah Advantage pursue superior organizational performance not as an end in itself but as a means of generating comprehensive societal welfare. Financial performance remains important because economically sustainable organizations possess greater capacity to create lasting benefits for stakeholders and society. Nevertheless, profitability is interpreted as a strategic consequence of responsible organizational behavior rather than the primary purpose of organizational existence.

This perspective fundamentally transforms the logic of strategic management. Instead of asking "How can organizations outperform competitors?", strategic decision-makers are encouraged to ask "How can organizations create sustainable maslahah while remaining

competitive?" The latter question recognizes competitiveness as a necessary organizational capability while simultaneously positioning comprehensive human welfare as the ultimate objective of organizational strategy.

Consequently, Maslahah Advantage represents the practical manifestation of the Maqashid Strategic Management Framework (MSMF). Organizations successfully implementing the five dimensions of MSMF Strategic Competitiveness, Ethical Governance, Stakeholder Welfare, Environmental Stewardship, and Spiritual Accountability are expected to develop Maslahah Advantage, thereby strengthening organizational legitimacy, long-term sustainability, and comprehensive organizational excellence.

5. CONCLUSION

This conceptual study sought to reconstruct the philosophical foundation of conventional strategic management through the lens of Maqashid Shariah. The analysis demonstrates that although strategic management has evolved substantially from Competitive Strategy and the Resource-Based View to Dynamic Capabilities, Blue Ocean Strategy, Stakeholder Theory, and sustainability-oriented approaches its dominant orientation remains centered on profit maximization, competitive advantage, and economic value creation. While these theories have significantly advanced organizational competitiveness, they continue to regard financial performance as the principal indicator of strategic success. Consequently, ethical responsibility, environmental sustainability, stakeholder welfare, and spiritual values are generally positioned as instrumental mechanisms for improving organizational performance rather than as the fundamental purpose of organizational strategy.

Building upon the principles of Maqashid Shariah, this study argues that strategic management requires a philosophical reconstruction that extends organizational objectives beyond economic rationality toward the realization of maslahah and ultimately falah. Rather than rejecting the contributions of existing strategic management theories, this study reinterprets them within a broader normative framework in which competitive advantage, innovation, organizational capabilities, and sustainability function as strategic means for creating comprehensive human welfare. This reconstruction broadens the understanding of organizational success by integrating economic performance with ethical governance, stakeholder welfare, environmental stewardship, and spiritual accountability.

The principal theoretical contribution of this study is the development of the Maqashid Strategic Management Framework (MSMF), which positions maslahah as the overarching objective of organizational strategy. The framework consists of five interrelated strategic

dimensions: Strategic Competitiveness, Ethical Governance, Stakeholder Welfare, Environmental Stewardship, and Spiritual Accountability. Together, these dimensions provide a holistic perspective on strategic management that aligns organizational competitiveness with broader societal and ethical responsibilities. In addition, this study introduces Maslahah Advantage as a higher-order strategic construct that extends the traditional notion of competitive advantage. Unlike competitive advantage, which primarily emphasizes market superiority, Maslahah Advantage reflects an organization's capability to create sustainable economic, social, environmental, ethical, and spiritual value simultaneously.

From a theoretical perspective, the findings contribute to the advancement of strategic management by expanding its philosophical foundation beyond economic value creation. The proposed framework complements existing theories such as Competitive Strategy, the Resource-Based View, Stakeholder Theory, and sustainability-oriented management by redefining the ultimate objective of organizational strategy. Furthermore, this study contributes to the growing literature on Islamic management by positioning Maqashid Shariah not merely as an ethical guideline but as a foundational paradigm for strategic management.

From a managerial perspective, the proposed framework encourages organizational leaders to adopt a more holistic approach to strategic decision-making. Rather than evaluating organizational success solely through financial performance, managers should integrate ethical governance, stakeholder welfare, environmental sustainability, and spiritual responsibility into the strategic planning process. Such an approach enables organizations to strengthen long-term legitimacy, organizational resilience, stakeholder trust, and sustainable competitiveness while simultaneously contributing to broader societal welfare.

Despite these contributions, this study has several limitations. As a conceptual paper, the proposed framework has not yet been empirically validated across different organizational settings or industrial contexts. Therefore, future studies are encouraged to operationalize the dimensions of the Maqashid Strategic Management Framework, develop valid measurement scales for Maslahah Advantage, and empirically examine the proposed relationships using quantitative, qualitative, or mixed-method approaches across diverse organizational and cultural environments. Such empirical investigations will be essential for refining, validating, and extending the theoretical propositions presented in this study.

In conclusion, this study argues that the future development of strategic management should move beyond profit maximization toward a more holistic paradigm centered on maslahah. By integrating conventional strategic management with the philosophical principles of Maqashid Shariah, organizations can pursue sustainable competitiveness while

simultaneously fulfilling their ethical, social, environmental, and spiritual responsibilities. In doing so, strategic management evolves from a discipline primarily concerned with economic success into a comprehensive framework for achieving sustainable organizational excellence and human flourishing.

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