

## **Maslaha Index as an Alternative's Performance Indicator of National Development**

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### **ABSTRACT**

*The main objective of a country's economic development is an effort to improve the welfare of its people. Various indicators of development success have been offered. Starting from GDP and per capita income, human development index (HDI), people's welfare index (pledge) and economic welfare index (Eurostat). In the perspective of Islam, the various indicators still have weaknesses because they only display worldly statistics, they have not touched the aspect of ukhrawi (afterlife). On that basis, Islam introduced the concept of maqasid al-shariah or benefit as an indicator of the success of development. The benefit to be achieved includes the safeguarding of five basic elements of human life: faith (monotheism), soul, reason, descent, and wealth (wealth). From these five elements we can develop a number of benefit parameters as indicators of complete human development.*

**Keywords:** *eurostat, ikrar, HDI, benefits, maqasid al-sharia, GDP*

### **نبذة مختصرة**

الهدف الرئيسي من التنمية الاقتصادية للبلد هو محاولة لتحسين رفاهية شعبها. تم تقديم العديد من (HDI) مؤشرات نجاح التنمية. بدءًا من الناتج المحلي الإجمالي والدخل الفردي ، ومؤشر التنمية البشرية ومؤشر الرفاهية الشعبية (التعهد) ومؤشر الرفاه الاقتصادي (يوروستات). من منظور الإسلام ، لا تزال المؤشرات المختلفة تعاني من نقاط ضعف لأنها لا تعرض سوى إحصاءات القياس الدنيوية ، ولم تلمس بعد الجانب الأخروي (الأخرة). على هذا الأساس ، قدم الإسلام مفهوم مقاصد الشريعة أو الفائدة كمؤشر على نجاح التنمية. تشمل الفائدة التي يجب تحقيقها حماية خمسة عناصر أساسية للحياة البشرية: الإيمان (التوحيد) ، الروح ، العقل ، النسب ، والثروة (الثروة). من هذه العناصر الخمسة يمكننا تطوير عدد من معايير الفوائد كمؤشرات للتنمية البشرية الكاملة.

، مسلحات ، مقاصد الشريعة ، الناتج HDI الكلمات الرئيسية: الحيلة ، يوروستات ، الثروة ، تعهد ، المحلي الإجمالي

## **INTRODUCTION**

Economic development is basically an effort to improve the welfare of a large-scale community, namely the scale of a country. The existence of a development process, along with the rolling of economic activity, is expected to lead to an increase in the income and welfare of the community. This is where the concept of the importance of economic growth emerges.

Economic growth is the process of increasing the production capacity of an economy which is manifested in the form of an increase in production and or national income. The indicator is the amount of GDP/GNP. A country is said to be experiencing economic growth if there is an increase in the country's real GDP/GNP. The existence of economic growth is also an indication of the success of economic development. GDP and Per capita Income

GDP is the amount of final goods and services produced at market prices. The weakness of GDP as a measure of economic growth is that it is global in nature and does not reflect the welfare of the population. GDP can be calculated using two approaches, namely the expenditure approach and the income approach.

The general formula for GDP with an expenditure approach is:

$$\text{GDP} = \text{consumption} + \text{investment} + \text{government spending} + (\text{exports} - \text{imports}).$$

Where consumption is spending by households, investment by the business sector, government spending by the government, and exports and imports involving the foreign sector.

Meanwhile, the income approach calculates the income received by the factors of production:

$$\text{GDP} = \text{rent} + \text{wages} + \text{interest} + \text{profit}$$

Where rent is the income of the owners of fixed factors of production such as land, wages for labor, interest for owners of capital, and profits for entrepreneurs.

In theory, GDP with expenditure and income approaches should produce the same number. However, because in practice it is difficult to calculate GDP with an income approach, the expenditure approach is often used. GDP per capita is a

more precise measure because it takes into account the population. So the size of per capita income can be determined by dividing GDP by the total population. If the country's income is high, then its economic growth is also fast. However, on the other hand, if a country's income is below the average, then its economic growth is also low.

## **LITERATURE REVIEW**

### **Human Development Index (HDI)**

Economic growth is an important factor in reducing poverty and generating the necessary resources for human development and environmental protection. However, economic growth alone does not guarantee human development.

In addition to economic growth which is reflected in GDP statistics and per capita income, there is a need for security guarantees, availability of access to education and health and education services. Thus, the concept of the human development index (HDI) was developed.

The success of human development can be assessed partially by looking at how much the most basic problems in the community can be overcome. These problems include poverty, unemployment, illiteracy, food security, and the enforcement of democracy. However, the problem is that the achievement of partial human development varies widely where certain aspects of development are successful and some other aspects of development fail (Dedi Junaedi, 2016).

Furthermore, how to assess the success of human development as a whole? The United Nations (UN) agency has set a standard measure of human development, namely the human development index (HDI) or the Human Development Index (HDI). This index is formed based on four indicators, namely life expectancy, literacy rate, average length of schooling and purchasing power. The life expectancy indicator represents the dimensions of long and healthy life. Furthermore, literacy rates and mean years of schooling reflect the output of the knowledge dimension. The purchasing power indicator is used to measure the dimensions of decent living.

The wide scope of human development makes the increase in HDI as a manifestation of human development can be interpreted as success in increasing the ability to expand the choices (enlarging the choices of the people). As is known, several important factors in development that are very effective for human development are education and health. These two important factors are basic human needs that need to be possessed in order to be able to increase their potential.

Generally, the higher the basic capability of a nation, the higher the opportunity to increase the potential of that nation. In the midst of escalating global competition, the demand for these basic capabilities is felt to be getting higher. Otherwise, the nation will be unable to compete with other more advanced nations.

To increase HDI is not solely based on economic growth because new economic growth is a necessary condition. In order for economic growth to be in line with human development, economic growth must be accompanied by sufficient conditions, namely equitable development. With equitable development there is a guarantee that all residents can enjoy the results of development.

Based on the experience of development in various countries, it is learned that to accelerate human development, two things can be done, namely, equitable distribution of income and adequate allocation of public spending for education and health. South Korea as a successful example, has consistently done these two things. On the other hand, Brazil has failed because it has an unequal distribution of income and an inadequate allocation of public spending on education and health (UNDP, BPS, Bappenas, 2004).

## **Eurostat**

In 2008, Amartya Sen, Joseph E. Stiglitz, and Jean-Paul Fitoussi developed a more comprehensive discourse on measuring welfare as a critique of statistical measures of GDP and per capita income which were considered to have many weaknesses. They offer two main indicators: basic welfare and economic well-being which are referred to as the UNECE/OECD/Eurostat standards.

Basic welfare is measured through indicators: life expectancy, percentage of population with post-secondary education, deviation of normal temperature, ozone layer, availability of water according to quality, and natural habitat fragmentation. Meanwhile, economic welfare is measured by indicators: real foreign financial asset ownership per capita, real production capital per capita, natural capital per capita, reserves of energy resources, reserves of mineral resources, stocks of wood resources, and stocks of marine resources.

## **Pledge**

Later, as of March 2012, the Government of Indonesia launched a new instrument called the People's Welfare Index (Pledge). The index is calculated using three dimensions, namely social justice, economy and democracy.

## **RESEARCH METHODS**

This study uses qualitative analysis methods and literature studies from various expert views, theoretical developments and practical applications in the historical trajectory of development.

## **RESULTS AND DISCUSSION**

### **Alternative Index: Islamic Perspective**

How does Islam view various measures of conventional development success? At first glance, we can see that various conventional measures of development success -- ranging from GDP and per capita income, HDI, Pledge, and Eurostat -- have only touched on statistical figures from development indicators with worldly views (world benefits), not yet touching development indicators with ukhrawi nuances. (benefits of the hereafter).

The size of GDP and per capita income, for example, only reflects the size of the number (quantity), not quality. High GDP and income may not be in line with the quality of people's welfare. Cannot reveal whether economic growth is born from a fair production process, a lawful business, and is beneficial to the people at large. It is not impossible that high growth comes from conglomeration business practices and corporate monopolistic practices, or illegal businesses.

The new human development index (HDI) measures the achievement of simple indicators of the most basic needs of life in terms of health, education and the economy. Pledge may be slightly better than HDI, because it has considered aspects of social justice, economy and democracy. However, Pledge--like HDI--is still limited to worldly and secularistic aspects. Justice and the quality of democracy that are measured are still very relative, depending on the majority vote. Without the framework of ukhrawi values, it is very possible for the phenomenon of the majority dictator and minority minority to emerge. Measures of justice, truth and welfare are still relative, depending on the majority vote.

Meanwhile, the indicators offered by Eurostat (UNECE/OECD) are vulgarly biased against foreign interests, developed country interests, and environmentalist interests. The size of the Eurostat will be very burdensome as well as limit the creativity of developing countries. What is the urgency of foreign financial asset ownership as a measure of development success? The inclusion of this indicator in measuring the success of development is strongly related to the expansion of foreign powers through the acquisition and privatization process of local companies of a country. This is contrary to efforts to enforce economic sovereignty. Indicators of natural capital, energy reserves, mineral reserves, wood stocks and marine resources indicate a strong desire to curb or moratorium on the

exploitation of natural resources in countries that really need to move the wheels of their economy. This is clearly very biased interests of the North world, and very unfair to the South.

## **Maqosid Sayariah**

According to Al-Gazhali, the goal of economic development is to achieve the benefit of the hereafter. The benefit in question is to improve the welfare of all human beings which lies in maintaining/protecting the five main elements, namely: faith (ad-din), soul (an-nafs), reason (al-aql), offspring (an-nasl), and wealth (al-mal). As-Satibi then popularized it with the term Maqasid al-Syariah. He divides the benefit into three levels: Dharuriyyat, Hajiyyat, and Tahsiniyyat.

Dharuriyyat is a primary need or basic need that must be met by every human being; Hajiyyat is a secondary need that is intended to eliminate difficulties or maintain the five basic elements; and Tahsiniyyat is a need that spreads so that humans can do their best to perfect the maintenance of the five basic elements.

## **Benefit Index**

In terms of maqasid al-syariah, Islam can actually offer alternative indicators to measure the level of success of a country's development. In this context, the author offers the Benefit Index, which summarizes the size of the benefit of the five main elements. Namely, the benefit of faith, the benefit of the soul, the benefit of reason, the benefit of offspring, and the benefit of wealth (Dedi Junaedi and Sri Hayatin Nufus, 2019).

## **Faith Benefit**

In Islam, all economic activities, whether production, consumption, trade and distribution, must be tied to the concept of monotheism. Humans produce because they fulfill Allah's commandments, as He says: "It is He who made the earth easy for you, So walk in all directions and eat part of His sustenance. And to Him you will (return after) be resurrected. ( QS Al Mulk (67):15).

A Muslim when planting, working or trading, feels that his deeds are in the context of worshiping Allah. The more his good deeds, the more his taqwa and taqorru to Allah will increase, as He says: "O mankind, eat what is lawful and good from what is on earth, and do not follow the steps of the devil; for verily the devil it is a real enemy for you. (Surah Al Baqarah (2): 168).

The question is, how do we measure the benefit of faith? Perhaps we can approach it by mapping out indications of the quality of faith. For example, by presenting data or information about the number of places of worship in one neighborhood; number of rows in daily congregational prayers; number of sunnah fasting per week; the number of muakkad sunnah prayers per day; number of evening prayers per week.

What about sectoral developments such as Islamic financial institutions? Islamic banking has a different mechanism from conventional because it prioritizes profit based on profit sharing and not usury as in the Qur'an letter al-Baqarah [2] verse 275.

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ذَلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا فَمَنْ جَاءَهُ مَوْعِظَةٌ مِنْ رَبِّهِ فَانْتَهَى فَلَهُ مَا سَلَفَ وَأَمْرُهُ إِلَى اللَّهِ وَمَنْ عَادَ فَأُولَئِكَ أَصْحَابُ النَّارِ هُمْ فِيهَا خَالِدُونَ

It means:

"Those who eat (take) usury cannot stand but like the standing of a person who has been possessed by Satan because of (pressure) madness. Their condition is like that, because they say (opinion), verily buying and selling is the same as usury, those who have arrived at the prohibition from their Lord, then continue to stop (from taking usury), then for him what he took first (before taking usury). comes prohibition); and affairs (up to) to Allah. People who return (take usury), then that person is the inhabitants of hell; they are strong in it."

Islamic financial institutions, especially Islamic banking, should not only be judged from the high and low profitability values such as conventional banking but must also be able to provide real benefits to the community by taking into account the assessment of Islamic banking itself by measuring the welfare index of the community around the Islamic banking environment. The activity that is the priority of Islamic financial institutions in this case Islamic banking is the relationship between the community as customers who are not creditors and debtors but the relationship as partners, not merely seeking maximum profit but also being able to prioritize the activities of business entities free from elements negative elements that can cause injustice to society (Dedi Junaedi, 2016).

From this, Islamic banking has explained different characteristics from conventional banking which is not just a financial institution that provides and offers sharia products with profit-sharing principles but must also become a financial institution that is able to meet the needs and desires of the community, providing satisfaction with good service. and qualified human resources.

In fact, when evaluating the performance of Islamic banks, which prioritizes profit-seeking aspects, becomes a challenge that must be resolved, because the real priority is the goal for universal human benefit. There are many views that say that Islamic banks are considered less efficient in terms of the lack of review between the performance of Islamic financial institutions that include the perspective of maqashid sharia. (Mohammed, Razak, & Taib, 2008, p. 3), and also so far Islamic financial institutions are still measured by indicators and parameters from conventional financial institutions, even though as sharia-based financial institutions have different characteristics from conventional ones, which should be measured by the sharia index also in this case is the benefit that maximizes the welfare of society universally. The values used by Islamic financial institutions must be able to reflect the meaning of the benefit itself which concerns the interests of the community at large, not only concerned with certain people.

## **Soul Benefit**

One of the main goals of Islamic economics is to achieve goodness in life (hayatan thayyibah), both for Muslims themselves and goodness for the environment and even the universe. The benefit of the soul, according to Muhammad Abu Zahrah, can be in the form of preserving the soul from the right to live with dignity, avoiding persecution, intimidation, and murder. This includes guaranteeing the freedom to think, hold opinions, work and do activities without harming or disturbing the rights of others. How to measure the benefit of the soul? This can be approached by assessing data and supporting facilities that allow legal protection and certainty. For example, with data on the number of police officers per 1000 population, the number of complaint posts per region, the number of prosecutors and fair judges per region.

## **Reasonable Benefit**

Islam upholds the role of reason. This is important to keep people from being stupid and helpless, as well as to maintain the mind from the entanglement and pull of negative air which is a source of social vulnerability. The benefit of reason can be measured by indicators such as literacy rate, number of citizens with a basic education of 9 years, number of secondary schools per sub-district, number of universities per city, number of free scholarships for children from poor families.

## **The benefits of offspring**

The issue of heredity is needed to maintain the preservation of the human species, the clarity of lineage, the continuity of heredity, and the establishment of family and relative relationships in one society. Islam encourages everyone to work to provide for their family. In fact, Islam regulates in detail the inheritance



system as sharia to maintain the benefit of individuals, families and communities. The benefits of heredity can be seen from the functioning of the marriage institution, the existence of a religious court, the availability of housing facilities, recreational facilities and social interaction.

How to measure the benefit of offspring. Among other things, it can be offered by using the parameters of the extent to which an economic entity can ensure the continuity of the reproductive life of its employees or employees. The indicators can be in the form of a decent minimum wage, health insurance, work safety, and pension and old age insurance. There is also no gender discrimination.

## **Property Benefits**

Conventional economics greatly exalts the utility (use value) of goods and services as the satisfaction of human wants. While Islamic economics is more concerned with aspects of the benefit of goods and services in meeting human needs. The size of the value of the benefit of a property depends on how much the property plays a role in maintaining the five basic elements of life: religion, soul, reason, lineage and property.

Islam justifies buying and selling, forbids usury, maisir, gharar, and dzalim actions in every muamalah. On every property that reaches the nishab and haul there is an obligation to pay zakat. Beyond that, Islam encourages us to help fellow human beings by encouraging infaq, shodaqoh, gifts and grants.

According to Umar Chapra, there are four main objectives of Islamic economic development: the economic wheel is rolling within the framework of Islamic values and norms, creating universal justice and brotherhood, distribution of income, and ensuring individual freedom in the context of social welfare.

How to measure the benefits of property? This can be approached through indicators such as the number of muzakki per region, the number of mustahik per region, the number of amil zakat institutions, the number of halal products, the existence of hisbah institutions, business competition supervisory institutions, halal product guarantee institutions, the number of business consultants and halal products per region.

## **CONCLUSION**

From the discussion above, we can draw a lesson that various indicators of development success - starting from GDP and per capita income, HDI, Pledge, Eurostat, economic welfare - which in fact only touched the statistical aspects of the world can actually be enriched by adding the nuances of maqasid al-syariah. so that a more perfect and comprehensive measure of success is obtained.

If that approach is taken, we will get the development benefit index (IKP) as an alternative indicator in measuring the success rate of Islamic economic development. The IKP is an accumulation of various indicators of benefit in the

five main elements of human life, namely: faith, soul, reason, lineage, and property.

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