THE INFLUENCE OF TAQWA IN SUSTAINABLE CAPACITY BUILDING

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ABSTRACT

Sustainable capacity building in the dynamic and competitive business markets enables firms to be ready to face the challenges and uncertainty. There are many factors contribute to the sustainable capacity building for dynamism and competitiveness. Taqwa provides internal defense for firms in terms of readiness and willingness and external dynamism in terms of proactive actions and strategies. The purpose of this paper is to explore the influence of taqwa in providing sustainability in the capacity building in achieving competitive advantage and outstanding performance against the competitors. The study interviewed top management of selected large corporations. The results of the study showed three areas of influence of taqwa in providing sustainable capacity building for firms. Firstly, taqwa provides the firms the ability to keep the momentum to be consistent (istiqamah) in the efforts to gain competitiveness. Secondly, taqwa influences the conviction of the firms to be firm and steadfast (qawiy). Finally, taqwa enables them to be great. Future research should extend the respondents among top management from different companies. The use of case study method should be considered for in-depth analysis on the participating companies.

Key words: Capacity building, Taqwa, Competitive Advantage.

Introduction

Business sectors contribute significantly to the economy. As the main engine of the economy, the endurance of business sectors is expected to secure, maintain and sustain competitive advantages for continuous profitability performance (Kanchan, Kumar & Gupta, 2015; Quaddus & Woodside, 2015; Fleisher & Bensoussan, 2015). Without high profitability, the business sectors would contribute very marginal to the growth of the economy. In responding to the dynamic changes of the business environment, firms are attempting very hard to create, maintain and sustain competitive advantage for better performance (Lesser & Ban, 2016; Lin, 2015; Dudin et al, 2015, Veleva et al, 2015). From resource-based approaches, to knowledge-based approaches, and now the spirituality-based approaches in sustaining capability and competency to outcompete competitors. There are common factors contribute to sustainability of profitable organizations, firms and companies, namely (a) green innovation, (b) business intelligence, (c) proactive innovation, (d) business orientation, and (e) innovative.

The green innovation allows for protection and preservation of the natural environment from further deforestation. Kanchan, Kumar and Gupta (2015) argued that the green initiatives could lead organizations to attain global competitive advantage. Green initiatives provide a balance between individuals and family in managing companies with sustainable competitive advantage. The incorporation of spirituality as business initiatives to gain competitive advantage needs an ecosystem of innovation and dynamism (Lesser & Ban, 2016). Quaddus & Woodside (2015) contended that business intelligence without systematic physical and non-physical supports will be least sustainable. Indeed, Fleisher & Bensoussan (2015) argued on the methods for business intelligence and competitive analysis.

Practical business orientation and unique marketing capabilities contribute significantly to sustainable capacity building for competitive advantage and better performance. According to Lin (2015), practical business orientation refers to the use of appropriate business model, confidence, trust, integrity as source of competitive advantage in winning the support and patronage of the stakeholders. Within this orientation, marketing competencies enable the organizations to attain high profit on a long term basis. Dudin et al (2015) argued that a good business model provides the direction for companies to create, gain and sustain competitive advantage for high profitability. Indeed, Veleva, Todoriva, Lowittm Angus and Neely (2015) emphasized on the having good understanding and skills to address business needs and to protect the business. Figure 1 highlights the common factors contribute to sustainability.

Figure 1: Common factors contribute to sustainability
The study aims to explore the influence of taqwa in providing sustainability in the capacity building in achieving competitive advantage and outstanding performance against the competitors. The discussion of the study is divided into a few parts. Firstly, the introduction part provides the background, context and flow of the paper. Secondly, the literature review discusses the key constructs of the paper which includes taqwa, sustainability, and capacity building. Thirdly, the methodology part explains the research methods used for this study. Fourthly, the findings and discussion part to combine the feedback of informants with relevant literature. Finally, the conclusion part provides the overall contribution.

**Literature review**

In recent years, there are scholarly work and seminal on the sustainability approach to make businesses relevant, endure, and capable of offering goods and services beyond traditional approaches. The endurance of businesses is measured rigorously to include all kinds of resources, capabilities, competitiveness, and inner uniqueness (Veleva et al, 2015; Dudin et al, 2015; Lin, 2015). Resource-based approaches in creating and sustaining competitive advantage enable companies to be superior from the competitors and able to gain better performance. Nevertheless, there is inadequacy in terms of inner strength to be consistent, steadfast and gains excellence. The inner strength is derived from the spirituality and religiosity.

The meaning of taqwa manifests “imititsalu awamirillah wajtinabu nawahihi” which emphasized on “السَّحْيَة” “al-wiqaayah” (protection or preservation from doing bad and harmful). The subscription of taqwa cultivates a person to uphold the trust (amanah) (Al Baqarah, 283), faithful (al-wafa) (Ali Imran, 76), patience (al-sabr) (Ali Imran, 186), to have good life (hasanat) (Al Quran, Q.7:96, Q.10:63-64,Q.39:10), and material ease in the life within or beyond expectation (Al Quran, 65:3). Figure 2 depicts the meaning of taqwa for capacity building from Quranic terms.

**Figure 2: Taqwa for capacity building from Quranic terms.**

Capacity building requires taqwa as enabler both the physical and non-physical components in organizations. Taqwa plays greater role to influence resources to be dynamic and capable for capacity building. Taqwa provides inner capability in terms of hope for opportunities and fear for threats and weaknesses. According to Bhatti, Alkahtani, Hassan and Sulaiman (2015), Dudin et al (2015), Alam and Talib (2015).

The presence of *taqwa* is not just an enabler, but as moderator and catalyst for companies to sustain distinctive resources, capabilities, and competitiveness. *Taqwa* allows for organizations to do good work ethics and globalized workplace. Alam and Talib (2015) contended that *taqwa* enables companies to be consistent and steadfast with good efforts for better performance. Indeed, the essence of *taqwa* is the manifestation of the teachings of Islam in terms of integrity, trustworthiness, fairness, and mercy to all mankind. Mohammad, Ibrahim, Salam, Jamil and Quoquab (2015) argued that *taqwa* facilitates managers to develop with good leadership to enable for good performance.

The strength of capacity building lies in the uniqueness function of *taqwa*. Kamil, Sulaiman, Osman-Gani and Ahmad (2010) contended that *taqwa* has direct implications to unique capability to outcompete competitors with good corporate governance as distinctive capability. The hope, fear and righteousness of Allah contribute to inner consciousness and fear of one’s duty and accountability. In broader scope, Hamid (2003) argued that *taqwa* is essentially about inner strength which is contradictory to *quwwah*, which refers to material strength. In terms of operationalization in life, believers have been reminded to maintain, retain and sustain *taqwa* with value added contribution to the society for ultimate success of the society. Indeed, Abdullah and Majid (2003) contended that *taqwa* is powerful to make people being religious and able to save more income. In short, *taqwa* requires three core elements, namely, *taqwa* (God-consciousness), *quwwah* (capacity), and *ukhuwwah* (togetherness). Figure 3 illustrates the operationalization of *taqwa* core elements (*taqwa, quwwah* and *ukhuwwah*) for success (*al-Falah*).

**Figure 3: Operationalization of *Taqwa* Core Elements for Success (*al-Falah*)**

In terms of sustainability, measurement for sustainability is ranging from materiality, ethics, and capability (Herriott, 2016). In fact, sustainability of firms is very much determined by the environmental standards, business initiatives, and global market conditions (Ghosal, 2015). In addition, the ability to keep to certain behavior is expected (Young, Davis, McNeill, Malhotra, Russel, Unsworth and Clegg, 2015).

Capacity begins with knowledge, skill and ability to perform something to gain an advantage in the competitive world. An accumulated skill leads to competency to perform something consistently for some results. When the competency became unique, valuable, rare and non-substitution, it became distinctive competency. Hence, companies are capable of outcompete rivals with various approaches and strategies. Thus, companies achieved the level of capacity to offer products and services with uniqueness to the preference of customers.

According to Shiel et al (2016), capacity building requires engagement from all parties for sustainable development of stakeholders. The results of the dynamic engagement allow for community to have more sustainable ways of living and working. As for organizations, the engagement beyond the resources, capabilities and competitiveness within the organizations and the industry. Millar and Doherty (2016) argued that organizations must allow for needs to be integrated with readiness, strategies and resources for the sustainable capacity building. Capacity building is not a stand-alone process. It requires the three pillars of sustainability, namely the environment, economy and the society to be integrated as triple bottom line (Tanaka, Takahashi, Shiodera & Tsuji, 2016; Schweikert, Chinowsky & Espinet, 2016; De Silva & Forbes, 2016). Indeed, Fernandez and Shaw (2016) contended that integration, education and training are necessary for sustainable capacity building.

The inclusion of sustainability elements is necessary for contemporary organizations. This is in line with the corporate performance measurement which includes profitability performance together with corporate social responsibility and the natural environmental reporting. Morioka and Carvalho (2016) argued that sustainability has been measured for corporate performances. The traditional performance measurement includes profitability only as corporate performance; however, such performance is not sustainable. According to Evans (2016), sustainable performance is a result of sustainable competitive advantages. This understanding allows companies to allocate, deploy and execute resources according to the commercial success instead of average-based allocation.

**Methodology**
This study argues that taqwa provides internal defense vis-a-vis readiness and willingness to address external dynamism with proactive actions and strategies. Thus, this paper postulates that influence of taqwa as internal defense in providing sustainability in the capacity building in achieving competitive advantage and outstanding performance against the competitors.

The study used purposive sampling to draw public companies with Shari’ah status (marked with [S]) and have registered address in Kuala Lumpur from the population of 912 public companies listed with Bursa Malaysia (Bursa Malaysia, 2016). Purposive sampling is also known as subjective or convenient sampling under the non-probability sampling technique category used in the qualitative methods. The main reason for the use of purposive sampling is to focus on certain characteristics of informants that are able to participate meaningfully in the study (Marshall, 1996; Barratt, Ferris, & Lenton, 2015; Hornibrook, May, & Fearne, 2015).

The study managed to conduct personal interview with top management from five (5) public companies (out of 268 identified in Kuala Lumpur, Malaysia). Personal interview enriches information for the study (King & Horrocks, 2010) and allows the study to obtain the reality of the contexts (Charmaz, 2014), that is the influence of taqwa, which is measured as corporate governance, integrity, quality control, individual development as moral person and moral manager, solidarity, unity, assertiveness, cooperation, and cohesiveness, as internal defense mechanism to build capacity to sustain competitive advantage and triple bottom line performance. The feedback from the informants gives the essence of the reality (Burr, 2015) in the forms dialogue and daily conversations (Sullivan, 2011), which can be appreciated and acknowledged despite the subjectivity and specific contexts.

Findings and discussion

The study asked the informants pertaining to the explicit, implicit and tacit nature of driving forces, factors, and elements used by the companies to create, maintain and sustain competitive advantage and better performance. In essence, the informants agreed that the physical and material rewards are not the only key driving force for the companies to out-compete the rivals and lead the market with huge profitability.

Capacity building for competitiveness requires participation from all employees and key stakeholders. Material and physical rewards are not able to attract the people to contribute to the sustainable capacity building. Figure 4 highlights the feedback from CEO 1. CEO 1 said:

“A company needs every inch of resources to build its ability to compete the rivals. We have people, we have the talents, and we really need them. We used rewards to get the talent, but we did not get much. We have to realize that ringgits are not everything although some people might say cash is king. Yes, I am not totally disagreed with that, but I still believed that there is something is more mighty that the ringgits, especially in the current situations when ringgits, petrol dollars are depreciating. When we changed our tune from directives to participative and inclusivity, with minimum rewards, we get more from our people.”

Figure 4: Taqwa through Inclusivity Approach

When CEO 1 changed the material reward system into participative and inclusivity approach in the company, people started to give the fullest of their talent and faith to the company. This is in line with the argument by Bhatti, Alkahtani, Hassan and Sulaiman (2015) that non material beings are a form of taqwa which provides the inner good faith and piety to work with sincerity, productive, and trustworthiness. In the contexts of organizations, taqwa serves as endogenous construct in the workplace to enable justice (adalah) in the workplace (Evans, 2016; Millar and Doherty, 2016).

The material support is necessary in capacity building, but not the sole factor. According to CEO 2, the material support will give meaning in building the capacity in the presence of spirituality and religiosity dimensions. The conventional thought argued that being faithful and religious are individual preferences and choices; but, CEO 2 believed that faith has a role in unifying the talent and the heart of people in organizations. CEO 2 mentioned:
“Cash can do many things but limited to certain things only. The power of cash depends on the scope of the usage. If the usage is detrimental and has no significant value, the non-cash emerged. Today, the art of war is not about how much ammunition, but how much you can touch and get the heart.”

The argument about talent and heart is necessary and very important. Alam and Talib (2015) argued that the talent and heart allows the workers to give the best of them to the companies with consistency, steadfast, creative, and innovative. Mohammad et al (2015) contended that the companies achieved taqwa in the forms of support for the good leadership in addressing the challenges of the market and attaining for good performance. The hope for good outcomes and the fear for not discharging fully the duty and responsibility enables for capacity building (Kamil et al, 2010). Therefore, material support with taqwa is necessary in sustainable capacity building.

Managing companies are not just managing the physical and material aspects of companies. There are people in the companies who need the human touch. CEO 1 argued:

“Power talk allows the speaker to talk to the hearts of the audience, not just to lend the ears. The art of talking to the heart is different from talking for the sake of listening. You need to value transfer, positive waves, meaning from our heart to the heart of our people in the company."

The mind, heart and movement of individuals are resulted from the inner energy, drive, willingness, perseverance and curiosity. As Abdullah and Majid (2013) contended that the inner spirituality in terms of taqwa (God-consciousness) and religiosity in terms of qiwawah (capacity) and ukhuwwah (togetherness) signal positive aura and consciousness to perform goodness for the entire society.

Capacity building for securing competitive advantage requires physical, material, financial, and moral support. The support is necessary as qiwawah (capacity) to initiate and execute actions for the organizations. The combination of taqwa (God-consciousness) with qiwawah (capacity) and ukhuwwah (togetherness) enables for teamwork and productivity. CEO 3 said:

“Top management must provide support to the subordinates. The material and financial support alone are not enough. They need moral and friendship support. Trust them, work with them, listen to them, understand them, explore and learn from the interactions. Later, digest them so as to be part with them."

Indeed, sustainable capacity building requires organizations to keep to certain behavior such as inner consciousness, ability to use skill, and able to work in teamwork for better performance has been expected (Young, Davis, McNeill, Malhotra, Russel, Unsworth and Clegg, 2015).

The ability to work as a team with good values and virtue that galvanized by taqwa allows for every individual to work together with good morality and virtue. CEO 4 stated:

“Faithful relationship needs faith, sincerity, truthfulness, humbleness, and togetherness. Everyone shared duty and responsibility on equal basis. If you have faith, your faith has an impact on how you think, you act, you say, and you do things. There must not be a gap with all people in the company."

People are always the core factor to sustain organizations in facing the dynamic changes of the business environment. Companies are working and attempting very hard to create, maintain and sustain competitive advantage for better performance (Lesser & Ban, 2016; Lin, 2015; Duddin et al, 2015, Veleva et al, 2015). In fact, Mohammad et al (2015) argued that taqwa facilitates managers influence people with good leadership, traits, behavior and power to enable for good performance. CEO 5 said:

“We valued good people. Our people are our family. We work together as a family. We have parents, elder siblings, younger siblings, half-siblings, cousins, nephews, nieces… What a wonderful company?"

The results of the study showed three areas of influence of taqwa in providing sustainable capacity building for firms. Firstly, taqwa provides the firms the ability to keep the momentum to be consistent (istiqamah) in the efforts to gain competitiveness. Secondly, taqwa influences the conviction of the firms to be firm and steadfast (qawiy). Finally, taqwa enables them to be great with the true success shared by many people.

**Conclusion**

Sustainable capacity building in the dynamic and competitive business markets is powerful to enable firms to have sustainable resources to face the challenges and uncertainties. There are many factors contribute to the sustainable capacity building for dynamism and competitiveness, namely (a) God-consciousness (taqwa Allah), (b) competitive, (c) capability (qiwawah) and (d) togetherness (ukhuwwah). The three elements of taqwa provides internal defense for firms in terms of readiness and willingness and external dynamism in terms of proactive actions and strategies. The results of the study showed three areas of influence of taqwa in providing sustainable capacity building for firms. Firstly, taqwa provides the firms the ability to keep the momentum to be consistent (istiqamah) in the efforts to gain competitiveness. Secondly, taqwa influences the conviction of the firms to be firm and steadfast (qawiy). Finally, taqwa enables them to be great.
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