

## STRATEGIC MANAGEMENT LESSONS FROM *SURAH AL-KAHFI*

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### ABSTRACT

*Surah al-Kahfi* contains essential contents related to the past, current and future direction of life as commented by many commentaries (tafsir). Since the contents are strategic, then motivates this study to examine strategic management lessons from *Surah al-Kahfi*. Strategic Management is a capstone subject in Business Management studies comprised various functional knowledge which include management, marketing, operations management, quality management, behavioural sciences, and social sciences. The lessons from *Surah al-Kahfi* could provide Tawhidic paradigm input into the studies. The study uses content analysis on the central themes in *Surah al-Kahfi* as highlighted by commentaries (tafsir) of the *Qur'an*. The study finds that integrating *Qur'anic* lessons into contemporary studies harmonizes the revelation (naqli) with the reasoning (aqli). Believers are firmly hold the *Quran* as source of guidance. Any physical and scientific evidence reinforces the contents in *Quran*. Nevertheless, believing in the revelation is partly the faith of Islam. The study suggests the lessons derived from *Surah al-Kahfi* to be operationalize into the contemporary intellectual and practical contexts.

Keywords: Strategic Management; *Surah al-Kahfi*; Revelation

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### Introduction

Strategic management is a capstone subject for business management studies whether as major or minor in business. It provides holistic and comprehensive application of business management disciplines. Professional program such as Accounting, Finance and Marketing also requires strategic management. This subject helps managers and professional to be part in the making of and implementing of strategies used in the organizations within the competitive environment. Strategies are dynamic due to the fast changing variables in the market (Bereznoy, 2015; Iñigo & Albareda, 2016). The changes are resulted from the actions, reactions and decisions made by market participants. All variables in the market are input for the business policy formulation process.

The existing paradigm of strategic management is based on the industrial and market economics. Strategies are formulated based on the input provided and gathered from the industry. Later the input is categorised into external and internal factors (Bereznoy, 2015; Larson & Change, 2016). While the internal is within the purview of companies or organizations, external factors are not. Examples of external factors such as political, economic, social, and technology. The purpose of categorizing them into factors that can be controlled and not is to align the companies' capability, resources, and competitiveness with the opportunities (Rouhani, Ashrafi, Zare & Afshari, 2016; Moghaddaszadeh, Sarfaraz, Komijan & Shojaie, 2015).

The internal factors are within the control of companies and organizations. These factors include resources, capabilities, and competitiveness. Resources can be divided into tangible and intangible. These resources are important to mobilize the companies' capability and competitiveness to turn opportunities into competitive advantage, profitability and sustainable competitiveness. These factors include manpower in the company, company's image and branding, financial resources, tangible resources and intangible resources, are within the control of the company. Both variables will be combined and presented in a matrix or an analysis, to explore for potential from the market in terms of profitability and risks associated with the business (Banihashemi & Rejaei, 2016).

This study examines strategic management lessons from *Surah al-Kahfi*. Why *Surah al-Kahfi*? *Surah al-Kahfi* contains essential contents related to the past, current and future direction of life as commented by many commentaries (tafsir). Since the contents are strategic, then motivates this study to examine strategic management lessons from *Surah al-Kahfi*. Strategic Management is a capstone subject in Business Management studies comprised various functional knowledge which include management, marketing, operations management, quality management, behavioural sciences, and social sciences. The lessons from *Surah al-Kahfi* could provide Tawhidic paradigm (Anas *et al*, 2016) input into strategic management process (Szulanski, Ringov & Jensen, 2016; Kang & Lee, 2016). While Tawhidic paradigm emphasises on spirituality enhancement, responsibility, integrity and trustworthiness, the market orientation focusing on estimation and projection on key variables of the market to make business assumption (Banihashemi & Rejaei, 2016).

### Literature Review

This section discusses the paper into a few sections. Firstly, it discusses about the concept of strategic management. Then, it includes key terms of strategic management such as free market, sustainable competitive advantages, and the process of strategic management. Secondly, it examines important themes derived from *Surah al-Kahfi*. The discussion includes key themes, alignment of faith, concerns, *furqan*, and roles.

*Strategic Management*

Strategic Management is a capstone subject in business management studies to equip business graduates with knowledge, skill and ability to craft, execute and evaluate strategies for firms and organizations to achieve goals with efficiency and effectiveness. All business functional knowledge and courses such as business mathematics, statistics, decision science, financial management, financial accounting, marketing, organizational behaviour, are the pre-requisite for strategic management.

The nature of Strategic Management is multidisciplinary. It requires human, technical, operational, tactical and spirituality knowledge, skill and habit. Any tendency to a particular knowledge or skill will lead to inadequacy of the strategies to achieve goals and to address threats. For instance, if a strategy is decided based on financial management and accounting only, it will emphasis on the numbers only without considering human, environment and resources required. In other words, a good percentage as projected rate for return on investment might not be attainable in the presence of confused subordinates.

The main assumption for strategic management to function effectively is firms and organizations operate in free and open market. Subsequently, it allows for competition among firms and organizations for competitive advantage. The game plan in securing competitive advantage requires firms and organizations to offer superior value to customers. In every strategy launches to please customers will be countered with strategies by rival firms. The process of offering and counter offering superior values through various strategies leads to dynamism of strategies. In other words, strategies are not static due to the intensity of rivalry.

Qur’anic examination on conventional knowledge allows for harmonizing revelation and reasons. In Strategic Management, attainment of goals on sustainable basis is essential. Reasoning is based on experience, fact and reality of the business environment. When reasoning is deliberated with revelation, it allows filtering of irrelevant information.

This study uses lessons from *Surah al-Kahfi* to offer lessons recorded in the revelation into the studies of Strategic Management. The integration of reasoning with revelation allows for comprehensiveness, robust, and adequacy in Strategic Management.

*Free market*

Open market allows for competition among market participants. Market participants are free to enter and leave the market. The common objective is to maximize profitability on sustainable basis. Every player formulates strategies that are able to out compete the strategies of rival firms. The ability to offer superior value to customers enables the firms to gain competitive advantages. The distinctive ability allows firms to offer superior value continuously that enable the firms to gain sustainable competitive advantages. Thus, strategic management allows for action plans or game plans to offer superior values.

*Sustainable Competitive advantage*

In competitive market, every firm attempts to secure sustainable competitive advantage so that it can reap profit on continuous basis. In other words, the existence of firms depends on how well it can outcompete its rival by offering superior values accepted by customers. Every firm has to pay attention to its business surroundings and aligns the firm’s resources with the opportunities emerged from the market. Nevertheless, it has to be prepared to face threats from the external factors, which include political, economic, social, legal, environment, and technological forces.

Firms could reap the economic opportunities from the political-legal factors such as the participation of many countries in Trans Pacific Partnership Agreement (TPPA) that allows for greater market size and liberalization of trade. The free flow of trades allows for sizable market target, which means opportunities to generate as much profit as possible. Overall low cost leadership and broad differentiation strategies could be used to reap the opportunities. However, firms must be prepared with the threats such as customers’ preference to patronage to locally produced products.

*Process of Strategic Management*

Strategic Management knowledge allows managers to understand core activities that can generate profitability on long term basis. In fact, Strategic Management has three stages, namely (a) strategy formulation, (b) strategy execution, and (c) strategy evaluation. Since strategy is dynamic, strategy renewal is necessary to remain sustainable.

Strategy formulation is a non-stop process in collecting data from the environment for the purpose of strategy crafting. All functions of management (planning, organizing, leading and controlling), managerial roles, and managerial skill are in fully operational at all levels of strategic management phases. Each phase has its own uniqueness to create, maintain and sustain competitive advantage for high performance. Table 1 summarizes the process of strategic management together with other management concepts.

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| Stages of Strategic Management    | Functions of Management | Managerial Roles   | Managerial skill | Distinctiveness |
|-----------------------------------|-------------------------|--|------------------|-----------------|
| Strategy crafting/formulation     | Planning                | Decisional<br>(entrepreneur,<br>disturbance handler,<br>negotiator, resource<br>allocator) | Conceptual       | Direction       |
| Strategy execution/implementation | Organizing and Leading  | Interpersonal<br>(figurehead, leader,  | Human            | Reinforcement   |

|                     |             |   |           |             |
|---------------------|-------------|---|-----------|-------------|
|                     |             | liaison)  |           |             |
| Strategy evaluation | Controlling | Informational (monitor, spokesperson, disseminator) | Technical | Improvement |

*Surah al-Kahfi*

*Surah al-Kahfi* is 18<sup>th</sup> Surah in the Quran (out of 114 in ascending order) and revealed to the Prophet Muhammad (peace be upon him) on the third stage of prophethood in Makkah. At the third stage, Muslims were tortured not just with pressured like in the second stage, but with prosecution, physical torture and economic sanction. Thus, some of them were migrated to Habshah.

There are four themes emerged from the commentaries of this surah, namely, (a) the historical wisdom and perseverance of the youth (the people of the cave) in safeguarding the integrity and faith from the corrupted environment (trial of faith), (b) the wisdom of Hidir (trial of wisdom), (c) Muslim perseverance (trial of wealth), and (d) the effort of Zul Qarnain (trial of power). The process to preserve values, wisdom and resources requires internal strengths (Anas, Ismail, Ab Rashid, Ab Halim & Zubir, 2016). Table 2 depicts the central events, lessons, success factors and relevance of *Surah al-Kahfi*.

Table 2: Central events, lessons, success factors and relevance of *Surah al-Kahfi*

| Events               | Lessons                         | Key success factors         | Relevance                     |
|----------------------|---------------------------------|-----------------------------|-------------------------------|
| People of Cave       | Trial of faith                  | Know reality                | Purity and priority           |
| Owner of two gardens | Trial of wealth                 | Sincerity                   | Resources and competitiveness |
| Khidr                | Trial of wisdom                 | Humility                    | Contents                      |
| Zulqarnain           | Trial of culture and leadership | Good governance & integrity | Execution and controlling     |

Source: [Quranreading.com](http://Quranreading.com)

*Alignment of faith and action*

Anas *et al* (2016), the narrative in *Surah al-Kahfi* argued on constructive alignment between faith and good deeds. Uphold integrity, truth and justice is essential as the world identity of Muslims. With these capabilities, the managers and employees are more perseverance to protect the companies and the location from rivals.

*Themes*

The four themes of *Surah al-Kahfi*, namely, faith, wealth, wisdom and power, provides lessons on the need to uphold faith prior to securing advantages in the world and the hereafter. The central theme is about upholding faith regardless of situation. In the story of the youth of escaped from a despotic ruler (‘Alī Nadvī & Ahmad, 1972; Anas *et al* 2016, p. 72) by hiding in a cave implies that when facing huge challenge which is unbearable to defend allows for a short escape. This escape is not meant to surrender of defeat but to realign strategies with the severe contexts.

*Concerns*

The use of escape in the huge battle or campaign is beyond methodological concerns. Abdul Rahman (2006) argued that the escape was mere adjusting perseverance against all hardships. Protecting faith means upholding truth and justice, which need an avenue to maintain its purity and priority. The avenue to uphold faith is necessary such as the cave, which signifies a symbol for perseverance.

Az-Zuhaili (2005) emphasised on the priority to protect faith above other priorities. Faith provides direction is life. If faith is compromised with other ideologies, then it contaminates the faith for the right direction of life.

Wisdom of *Hidr* is not ready made available. It has ethics to adhere to. When one failed to adhere to the requirement (as in the case of Prophet Musa ‘*Alaihi salam*) can lead to disruption in the learning process. Davids and Waghid (2016) argued that this story provides significant lesson on the ethical dimensions of education. In the contexts of strategic management, failure to adhere to terms and conditions of strategic management process, will lead to inadequacy of the strategies to address competitive moves from rival to gain sustainable competitive advantage and attain high performance.

In every occurrence of events embedded with lessons. The story of the power of Zul-Qarnain to defeat evil forces from entering into humanity is significant. The penetration of evil forces will contaminate the purity of human civilization. Khiabani, Reissi and Mousavi (2016) argued that the events in *Surah al-Kahfi*, particularly the trial of power of Zul-Qarnain, remind strategies to develop strong and solid shield to protect organizations from the evil forces (Taghi & Rahimzadeh, 2012).

*Furqan*

Qur’anic reference provides guidance to filter organizations from falsehood. Indeed, falsehood leads to uncertainty and chaos. Hanapi (2015) contended that Qur’anic lessons reinforce *furqan* or the truthfulness and justice for human as servant and vicegerent of Allah to gain pleasure in this world and in the hereafter. Hanapi (2014) argued that the gradual development narratives in the Qur’an reinforce comprehension and understanding about life with justice and truth.

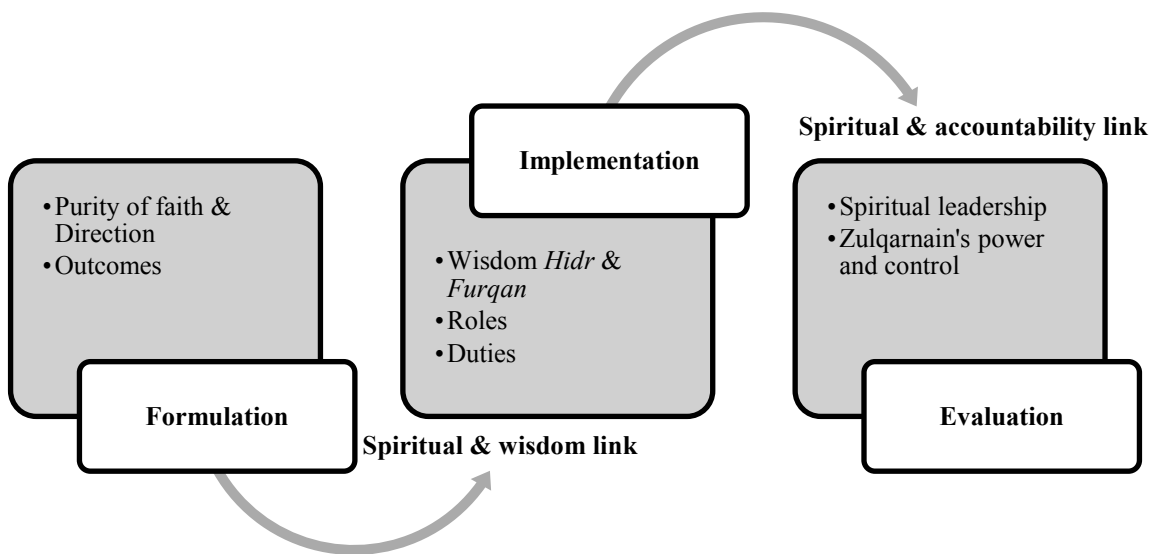
**Roles**

The role of mankind has been clearly mentioned as servant and vicegerent, with roles, duties, and responsibilities. While freedom of choice is granted, human must be responsible with the consequences of the results of the choices (Hanapi, 2015; 2014; Berghout, 2009). Any harmful choice will result in harmful consequences (Ismail, 2016).

Management is related to the roles of human. In strategic management, the essence of management as a study about working with and through people to achieve organizational goals with efficiency and effectiveness still the core business and function (Yacoeb, 2016). The Qur’anic perspective reinforces the roles of human into servant and vicegerent in the world for the pleasure of the Creator and other creatures (Hanapi, 2014, 2015). All choices made by human being that are in line with the roles will lead to good consequences (Berghout, 2009; Ismail, 2016).

There is a link between the lessons from *Surah al-Kahfi* into strategic management process. The trial of faith, wealth, wisdom and power provides spiritual power into strategy formulation, implementation and evaluation. The strategic management process that is empowered with the understanding of roles, execution of skill, and essence of management very much emphasised on physical and materialism leads to inadequacy. This gap can be filled in by the power of *furqan*, the wisdom of *Khidr*, the purity of faith, and the spiritual leadership. This study postulates two linkages for the link between strategic management process and lessons from *Surah al-Kahfi*. Figure 1 illustrates the spiritual, wisdom and accountability in strategic management process.

Figure 1: Spiritual, wisdom and accountability in strategic management process.



**Methodology**

The study examined the practices of the strategic themes in *Surah al-Kahfi* into strategic management activities from practitioners’ perspectives. The main reason is due to some strategic management practices embedded some practices mentioned in the Qur’an. Since the motivation of the study is to examine the *Islamicisation* of conventional practices, then this study has decided on the appropriate topic.

This study focused on enterprises that registered in Klang Valley based on the directory of entrepreneurs kept by Selangor Entrepreneurs Club managed by a non-governmental organisation in Shah Alam, Selangor. Out of 1500 registered members, the study approached the members who attended a series of meeting conducted by the association. From 30 members who attended the meeting on a regular basis, only five of them agreed to participate in personal interview.

Prior to the actual personal interview, the study has conducted a pilot study with three entrepreneurs to ensure the interview questions are reasonable and understandable. This is important to ensure the questions captured the feedback of the informants.

This study conducted personal interview with five enterprises regarding spiritual influence in the strategic management process. The study used qualitative methods specifically through personal interviews for two reasons. Firstly, it allows for complex situation to be examined carefully for right perspectives (Miles & Huberman, 1994). Secondly, it allows the study to understand the context in greater detail (Marshall & Rossman, 1989). Strategic management process is complex, dynamic and difficult to understand through survey (Ezzy, 2002; Lee, 1999). The personal interview method allows more answers to be obtained (Patton, 2002) through various analytical techniques such as personal interview, content analysis and case study (Yin, 2013; Daly, 2007; Patton, 2002; Cresswell, 1998).

The interview results had been transcribed manually. Later, the transcripts were verified by the respondents. Two independent researchers were approached to review the transcripts to ensure validity of the feedback.

### Findings And Discussion

This section reports the feedback of selected enterprises on the use of Qur'anic lessons into strategic management activities. Notably, the respondents pointed strategic planning as strategic management.

Enterprise 1 conducted strategic planning as road map for the performance of the enterprise in the short term and medium term. The use of quantitative data such as sales report, statistical data published by Statistics Department and Bank Negara Malaysia are the important source of information. The use of religion in strategic planning is in terms of placing faith in Allah or *tawakkal* after exhausted all efforts. The feedback from Enterprise 1 is in line with the role of strategic management to provide direction and contents to the journey of the enterprise. The placing of *tawakkal* manifests Qur'anic perspective about the roles of human as servant and vicegerent in the world for the pleasure of the Creator and other creatures (Hanapi, 2014, 2015). After making choices and invested efforts, they are pleased with all potential consequences (Berghout, 2009; Ismail, 2016). The feedback added *tawakkal* into the faith, wealth, and wisdom.

Enterprise 2 learnt from previous experiences for the strategic planning of the enterprise. Besides the use of statistics, an informal consultation with counter parts from various industries is useful to understand the economic contexts. SWOT analysis is used to formulate strategies. The use of SWOT analysis manifests the experience to preserve values, wisdom and resources requires internal strengths (Anas, Ismail, Ab Rashid, Ab Halim & Zubir, 2016). The feedback added capability that integrated with the faith, wealth, and wisdom.

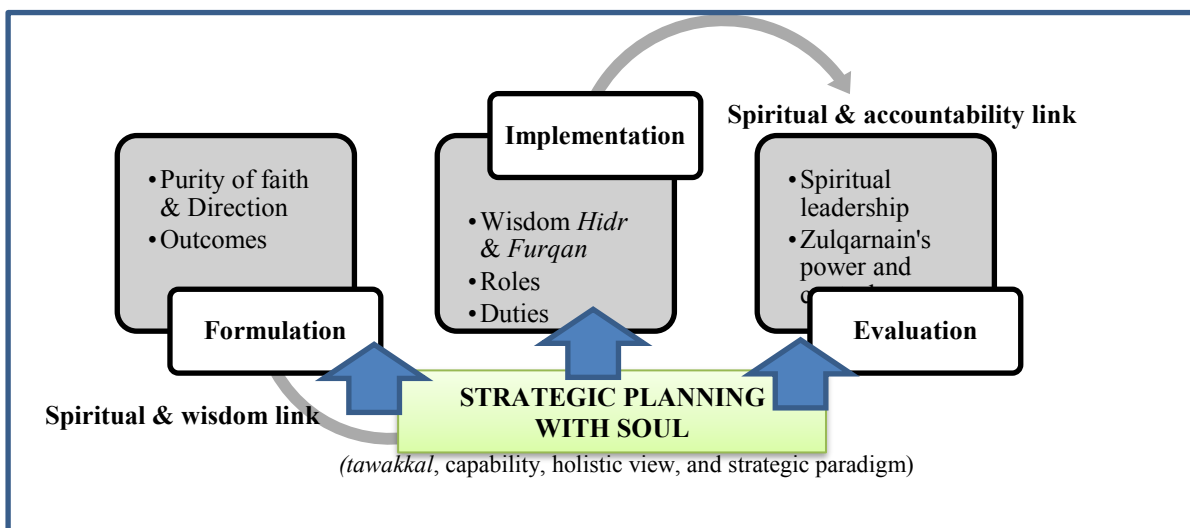
Enterprise 3 applied cooperation with other members in the industry together with the staff in the enterprise. While understand the economic contexts, the support and commitment from the staff is equally important. The holistic approach practiced by Enterprise 3 is in line with strategic management process (Szulanski, Ringov & Jensen, 2016; Kang & Lee, 2016). The emphasis at Enterprise 3 on spirituality enhancement, responsibility, integrity and trustworthiness, into its business assumption allows it to be sustainable (Banihashemi & Rejai, 2016). The feedback added holistic approach into faith, wealth, and wisdom.

Enterprise 4 argued that experience, wisdom, friendship, integrity factors are important to sustain competitiveness. A road map for the direction of the enterprise is important to chart the direction and position in the market. Enterprise 4 implies that while wisdom and freedom are in their hands, they have to realize the consequences of the results of the choices (Hanapi, 2015; 2014; Berghout, 2009). Any harmful choice will result in harmful consequences (Ismail, 2016). The feedback added strategic paradigm that integrated with faith, wealth, and wisdom.

Enterprise 5 insisted to use conventional knowledge about strategic planning and implementation that guided by revelation. The worldly enterprise activities have a link to the hereafter forms the basis of the strategic planning wisdom.

The respondents emphasised on spiritual, wisdom and accountability with the experience of strategic management in terms of strategic planning. Figure 2 depicts the feedback as strategic planning with soul.

Figure 2: Spiritual, wisdom and accountability in strategic management process.



*Surah al-Kahfi* contains essential contents related to the past, current and future direction of life as commented by many commentaries (*tafsir*). The feedback from the respondents provides the insights to the essential themes in *Surah al-Kahfi*. The respondents added some insights, namely *tawakkal*, capability, holistic view, and strategic paradigm into the central four themes of *Surah al-Kahfi*, namely, faith, wealth, wisdom and power, provides lessons on the need to uphold faith prior to securing advantages in the world and the hereafter. The central theme is about upholding faith regardless of situation.



## Conclusion

The lessons from *Surah al-Kahfi* provide holistic and comprehensive approach with spirituality content into the Strategic Management which serves as a capstone subject in Business Management. The content analysis on the literature allows in the strategic management process and *Surah al-Kahfi* with several themes. The central content of the themes is wisdom guided with soul and spirituality. The study finds that integrating Quranic lessons into contemporary studies harmonizes the revelation (*naqli*) with the reasoning (*aqli*). The feedbacks of the respondents emphasised on *tawakkal*, capability, holistic view, and strategic paradigm blended with spiritual, wisdom and accountability into the experience of strategic management in terms of strategic planning. The practitioners' experience shed with a light from Qur'anic as source of guidance allow for sustainable competitive advantage from the worldly context until the hereafter. Any physical and scientific evidence reinforces the contents in Quran. Nevertheless, believing in the revelation is partly the faith of Islam. The study suggests the lessons derived from *Surah al-Kahfi* to be operationalize into the contemporary intellectual and practical contexts.

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