

# BEYOND PROFIT: REFRAMING INNOVATION CAPABILITY THROUGH MASLAHAH

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## Article history

Received date : 5-4-2026

Revised date : 6-4-2026

Accepted date : 17-4-2026

Published date : 30-4-2026

## To cite this document:

Mohammad Sopian, N. A., & Pitchay, A. A. (2026).  
Beyond profit: Reframing innovation capability  
through maslahah. *Journal of Islamic, Social,  
Economics and Development (JISED)*, 11 (82), 190 –  
202.

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**Abstract:** *The resource-based view (RBV) remains a dominant theoretical lens in strategic management, explaining how firms achieve sustained competitive advantage through valuable, rare, inimitable, and non-substitutable (VRIN) resources. However, RBV has been increasingly criticised for its limited engagement with ethical, social, and welfare-oriented dimensions of organisational strategy. This viewpoint paper extends RBV by integrating Maslahah, the concept of public welfare rooted in Maqasid al-Shariah, as a strategic resource and capability. Drawing on both classical Islamic jurisprudence and contemporary management literature, the paper argues that Maslahah can be conceptualised as an intangible, value-driven organisational capability that enhances innovation outcomes. By embedding ethical and societal considerations into resource deployment, Maslahah strengthens the explanatory power of RBV in understanding innovation capability. The paper contributes theoretically by proposing Maslahah as both a VRIN resource and a mediating mechanism, and practically by guiding organisations toward sustainable and socially responsible innovation strategies.*

**Keywords:** *Resource-Based View (RBV), Maslahah, Maqasid al-Shariah, Innovation Capability*

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## Introduction

The quest for sustained competitive advantage has been central to strategic management research, with the resource-based view (RBV) emerging as one of the most influential theoretical frameworks (Wernerfelt, 1984; Barney, 1991; Grant, 1991; Peteraf, 1993). RBV conceptualises firms as bundles of resources and capabilities, where superior performance is achieved through the effective deployment of unique and difficult-to-imitate assets (Barney, 1991; McGee, 2015a). Over time, RBV has been widely applied across disciplines, including operations, marketing, and international business, to explain performance heterogeneity among firms (Pereira & Bamel, 2021; Uyanik, 2023a; Beamish & Chakravarty, 2021). In the context of innovation, RBV highlights how internal capabilities such as knowledge management, organisational culture, and collaboration contribute to innovation capability and competitive advantage (Bansal & Bogner, 2007; Halawi et al., 2005; Chahal et al., 2020).

Despite its strengths, RBV has been criticised for its limited consideration of ethical and societal dimensions (Priem & Butler, 2001; Miller, 2019; Sabourin, 2020). The framework predominantly focuses on value creation for the firm, often neglecting how organisational resources can contribute to broader societal welfare (Ferlie, 2014; Nagano, 2020). This limitation becomes increasingly problematic in contemporary business environments where sustainability, corporate social responsibility (CSR), and stakeholder engagement are critical (Khan et al., 2022; Gunasekaran et al., 2017). In practice, persistent ethical failures across industries including environmental degradation, resource exploitation, and corporate misconduct highlight the consequences of prioritising short-term performance over long-term societal impact (Bocken & Short, 2021; Fasya, 2025). While CSR frameworks have been widely adopted to address these concerns, they are often criticised as fragmented, discretionary, and weak in guiding decision-making, particularly in situations involving trade-offs between profit and social responsibility (Ghadas et al., 2019). CSR initiatives are frequently implemented as voluntary and reputation-driven activities rather than being embedded within the core strategic logic of the firm, limiting their effectiveness in shaping resource allocation and innovation practices (Aziz et al., 2020). This creates a critical gap in the literature, where ethical considerations are acknowledged but not systematically integrated into strategic management frameworks such as RBV.

Parallel to this, the concept of Maslahah, derived from Maqasid al-Shariah, offers a comprehensive and structured framework for ethical decision-making and public welfare (Auda, 2019; Kamali, 2020). Maslahah emphasises the promotion of benefit and the prevention of harm, extending beyond individual interests to encompass broader societal well-being (Asy'ari, 2022; Tahir & Hamid, 2024). Unlike CSR, which is often externally oriented and discretionary, Maslahah provides an internalised and principle-based mechanism that can guide organisational decision-making, resource deployment, and innovation processes. This paper argues that integrating Maslahah into RBV provides a more holistic understanding of organisational performance and innovation capability. Specifically, it proposes that Maslahah can be conceptualised as both a strategic resource and a mediating capability that aligns internal organisational processes with societal welfare, thereby enhancing competitiveness and sustainability, particularly within the manufacturing sector.

## The Resource-Based View: Foundations and Limitations

RBV originates from the seminal work of Wernerfelt (1984), who conceptualised firms as bundles of resources, and was further developed by Barney (1991), who introduced the VRIN criteria. These resources include both tangible assets (e.g., technology, infrastructure) and

intangible assets (e.g., knowledge, culture, capabilities) (Grant, 1991; Peteraf, 1993; Andreu & Ciborra, 1996). Subsequent studies have reinforced the centrality of resources and capabilities in achieving competitive advantage (Assensoh-Kodua, 2019; McGee, 2015b; Zahra, 2021). Capabilities, in particular, refer to the firm's ability to effectively deploy resources through organisational routines and processes (Assensoh-Kodua, 2019).

RBV has also been widely applied in innovation research, where knowledge management, collaboration, and organisational culture are recognised as key drivers of innovation capability (Bansal & Bogner, 2007; Meso & Smith, 2000; Pee & Kankanhalli, 2016). Similarly, internal collaboration enhances knowledge sharing and innovation performance (Allred et al., 2011; Wang & Li-Ying, 2015), while organisational culture fosters creativity and adaptability (Zahra et al., 2004; Haeruddin, 2024). While RBV remains a dominant framework in strategic management, more recent studies continue to highlight several limitations. First, RBV has been criticised for its strong internal focus, often neglecting external environmental factors such as market dynamics, institutional pressures, and sustainability challenges, thereby limiting its ability to address broader societal concerns (Nagano, 2020; Beamish & Chakravarty, 2021). Second, the theory has been described as relatively static, constraining its capacity to explain organisational adaptation in rapidly changing and innovation-driven environments, which has led to the development of dynamic capabilities theory (Teece et al., 1997; Zahra, 2021; Khan et al., 2022). Third, RBV faces a tautological issue, where resources are often identified as “valuable” only after firms achieve superior performance, thereby reducing its predictive power (Nagano, 2020). In addition, the framework has been criticised for its limited engagement with ethical and sustainability considerations, particularly in addressing stakeholder demands and environmental challenges (Miller, 2019; Beamish & Chakravarty, 2021; Khan et al., 2022). These limitations highlight the need for an extended RBV framework that incorporates ethical, societal, and welfare-oriented dimensions, such as Maslahah, to enhance its relevance in contemporary organisational contexts.

### **Maslahah and Maqasid al-Shariah: A Welfare-Based Framework**

Maslahah is a central concept in Islamic jurisprudence, referring to public welfare and the promotion of benefit while preventing harm (Auda, 2019; Kamali, 2020). It is closely linked to Maqasid al-Shariah, which outlines the objectives of Islamic law, including the preservation of religion, life, intellect, lineage, and property (Al-Ghazali, 1998; Islam, 2022). Classical scholars such as Al-Juwayni, Al-Ghazali, and Al-Shatibi categorised Maslahah into three levels: daruriyyah (necessities), hajiyyah (complementary needs), and tahsiniyyah (enhancements) (Islam, 2022; Hajar et al., 2020). These categories provide a structured framework for evaluating actions based on their impact on human welfare. Maslahah has been applied across various domains, including finance, healthcare, governance, and education (Amin et al., 2009; Razak et al., 2016; Rahman et al., 2017; Absori et al., 2021). In Islamic finance, Maslahah ensures that financial activities align with ethical principles and societal welfare (Dusuki & Abdullah, 2007; Halim & Al Amruzi, 2024). Recent studies further highlight its role in promoting corporate social responsibility (CSR), sustainability, and ethical decision-making in organisational contexts (Aziz et al., 2023; Tahir & Hamid, 2024; Rhetha et al., 2024).

While Maslahah provides a comprehensive and ethically grounded framework, its application in organisational contexts has raised important scholarly considerations. Given its roots in Islamic jurisprudence, questions emerge regarding its applicability across non-Islamic or secular environments where ethical frameworks may differ (Auda, 2019; Kamali, 2020). Nevertheless, its underlying principles such as the promotion of benefit, prevention of harm,

and ethical responsibility are consistent with broader sustainability and stakeholder-oriented perspectives. However, challenges remain in its practical implementation, including interpretational differences and lack of institutional support (Hamed et al., 2022a, 2022b). Despite these challenges, Maslahah offers a holistic framework that integrates economic, social, and ethical considerations, making it highly relevant for contemporary organisational research. Its potential to guide decision-making and align organisational strategies with societal welfare positions it as a valuable extension to existing strategic management frameworks.

## Extending RBV with Maslahah

### Maslahah as a VRIN Resource

Maslahah can be conceptualised as a distinctive intangible organisational resource that aligns closely with the VRIN criteria within the resource-based view (RBV) framework. The VRIN logic posits that resources must be valuable, rare, inimitable, and non-substitutable to generate sustained competitive advantage (Barney, 1991; Peteraf, 1993). While traditional RBV studies have focused on economic and knowledge-based resources such as technology, intellectual capital, and organisational routines (Grant, 1991; Bansal & Bogner, 2007), the integration of Maslahah introduces an ethical and welfare-oriented dimension that enhances the strategic depth of the framework.

First, Maslahah fulfils the valuable criterion by contributing to long-term organisational performance through enhanced stakeholder trust, legitimacy, and sustainability. In contemporary business environments, organisations are increasingly evaluated based on their social and ethical contributions rather than purely financial outcomes (Khan et al., 2022; Gunasekaran et al., 2017). Maslahah-driven practices align organisational objectives with societal welfare, thereby strengthening relationships with stakeholders, including customers, regulators, and communities (Aziz et al., 2023; Tahir & Hamid, 2024). This alignment is particularly relevant in sustainability-oriented industries, where ethical considerations directly influence firm performance and reputation (Porter & Kramer, 2011; Ferlie, 2014). Moreover, Maslahah supports value creation beyond economic gains by embedding moral responsibility and social justice into organisational strategies (Auda, 2019; Kamali, 2020).

Second, Maslahah can be considered rare because only a limited number of organisations systematically incorporate welfare-oriented principles into their strategic and operational processes. Although concepts such as corporate social responsibility (CSR) and environmental, social, and governance (ESG) practices are increasingly adopted, they often remain peripheral rather than deeply embedded within organisational culture (Miller, 2019; Sabourin, 2020). In contrast, Maslahah represents a comprehensive and integrated framework that guides decision-making at all levels of the organisation, making it less common and therefore strategically advantageous (Rhetha et al., 2024; Samidi et al., 2018). This rarity is further reinforced by the cultural and institutional specificity of Maslahah, particularly within Islamic and emerging market contexts, where its application requires both ethical commitment and contextual understanding (Hamed et al., 2022a).

Third, Maslahah demonstrates strong inimitability, as it is deeply embedded within organisational values, norms, and culture. According to RBV, resources are difficult to imitate when they are socially complex, path-dependent, and causally ambiguous (Barney, 1991; Dierickx & Cool, 1989). Maslahah meets these conditions by being rooted in ethical principles and spiritual values that evolve over time through organisational learning and leadership

commitment (Dusuki & Abdullah, 2007; Tahir, 2020). The integration of Maslahah into organisational processes requires a transformation of mindset, culture, and governance structures, making it highly difficult for competitors to replicate (Kosasih et al., 2023; Halim & Al Amruzi, 2024). Furthermore, the tacit nature of Maslahah—embedded in decision-making practices and ethical judgments—enhances its resistance to imitation (Nonaka & Takeuchi, 1995; Pee & Kankanhalli, 2016).

Finally, Maslahah satisfies the non-substitutability criterion, as its benefits cannot be fully replicated by alternative resources. While conventional strategic tools such as cost leadership or differentiation strategies may enhance competitiveness, they do not inherently address ethical and societal dimensions (Porter, 1985; Barney, 1991). Maslahah provides a unique combination of economic, social, and moral value that cannot be substituted by purely financial or operational resources (Tahir & Hamid, 2024; Samadou et al., 2023). This non-substitutability is particularly significant in an era where stakeholders increasingly demand accountability, transparency, and sustainability from organisations (Khan et al., 2022; Gunasekaran et al., 2017).

In sum, conceptualising Maslahah as a VRIN resource extends the RBV framework by incorporating ethical and welfare-oriented dimensions into the analysis of competitive advantage. This perspective shifts the focus from purely economic resources to a more holistic understanding of value creation, where organisational success is measured not only by financial performance but also by societal impact.

### **Maslahah as a Mediating Capability**

Beyond its role as a strategic resource, Maslahah can be conceptualised as a mediating capability that links internal organisational resources to innovation outcomes. In RBV, capabilities refer to the firm's ability to effectively deploy resources through coordinated processes and routines (Grant, 1991; Teece et al., 1997). As a mediating mechanism, Maslahah shapes how organisational resources are utilised, ensuring that innovation processes align with ethical and societal objectives.

One of the primary areas where Maslahah functions as a mediating capability is knowledge management. Knowledge is widely recognised as a critical strategic asset within RBV, contributing to innovation and competitive advantage (Bansal & Bogner, 2007; Halawi et al., 2005). However, the effectiveness of knowledge management depends not only on the availability of knowledge but also on how it is shared and applied within the organisation (Pee & Kankanhalli, 2016). When guided by Maslahah, knowledge management practices emphasise ethical knowledge sharing, transparency, and collective benefit, rather than individual or departmental gain (McGee, 2015; Tahir, 2020). This orientation enhances the quality and impact of innovation by ensuring that knowledge is used responsibly and inclusively. Maslahah also mediates the relationship between internal collaboration and innovation capability. Collaboration is a key dynamic capability that enables organisations to integrate diverse resources and expertise, thereby enhancing innovation performance (Allred et al., 2011; Wang & Li-Ying, 2015). However, collaboration can be hindered by conflicts, power imbalances, and misaligned incentives. By embedding Maslahah into collaborative processes, organisations can foster trust, mutual respect, and shared responsibility, leading to more effective and socially responsible innovation outcomes (Madhok & Tallman, 1998; Samidi et al., 2018).

In addition, Maslahah influences organisational culture, which plays a critical role in shaping innovation behaviour. A culture that prioritises public welfare encourages employees to engage in ethical decision-making, creativity, and knowledge sharing (Zahra et al., 2004; Haeruddin, 2024). By aligning cultural values with Maslahah principles, organisations can create an environment that supports sustainable and socially responsible innovation (Arfati, 2018; Xiao & Dasgupta, 2006). Furthermore, Maslahah mediates the impact of top management commitment on innovation capability. Leadership plays a crucial role in resource allocation, strategic direction, and organisational change (Khan et al., 2022; Gunasekaran et al., 2017). When leaders prioritise Maslahah, they are more likely to support initiatives that balance economic performance with social responsibility, thereby enhancing innovation outcomes (Dusuki & Abozaid, 2007; Halim & Al Amruzi, 2024). Overall, conceptualising Maslahah as a mediating capability highlights its role in transforming organisational resources into meaningful innovation outcomes. It ensures that innovation is not only efficient but also aligned with societal welfare, thereby enhancing both organisational performance and social impact.

### **Integration with Dynamic Capabilities**

The integration of Maslahah into RBV can be further strengthened by aligning it with the dynamic capabilities' framework. Dynamic capabilities refer to the firm's ability to integrate, build, and reconfigure internal and external resources in response to changing environments (Teece et al., 1997). This perspective addresses the static limitations of RBV by emphasising adaptability and continuous renewal (Zahra, 2021). Maslahah complements dynamic capabilities by providing an ethical and welfare-oriented framework for resource reconfiguration. In rapidly changing environments, organisations must continuously adapt their strategies and operations to remain competitive. However, without a guiding ethical framework, such adaptations may prioritise short-term gains over long-term sustainability (Priem & Butler, 2001; Miller, 2019). Maslahah ensures that adaptation processes are aligned with societal welfare, thereby enhancing the sustainability and legitimacy of organisational strategies (Auda, 2019; Kamali, 2020).

One key aspect of dynamic capabilities is sensing opportunities and threats. Maslahah enhances this capability by encouraging organisations to consider not only market trends but also societal needs and challenges. For example, firms may identify opportunities in developing sustainable products, improving healthcare access, or addressing environmental issues (Porter & Kramer, 2011; Chahal et al., 2020). By aligning opportunity recognition with Maslahah, organisations can create innovations that deliver both economic and social value. Another critical dimension is seizing opportunities, which involves mobilising resources to capture identified opportunities (Teece et al., 1997). Maslahah influences this process by guiding resource allocation toward initiatives that maximise public welfare. This approach ensures that innovation efforts are not only profitable but also socially beneficial, enhancing stakeholder acceptance and long-term success (Khan et al., 2022; Gunasekaran et al., 2017).

Finally, Maslahah supports the reconfiguration of resources, enabling organisations to adapt to changing environments while maintaining ethical integrity. For instance, manufacturing firms can leverage flexibility to develop sustainable production processes or socially responsible products (Camisón & Lopez, 2010; Ngamsirijit, 2011). By integrating Maslahah into resource reconfiguration, organisations can achieve a balance between efficiency, innovation, and societal impact. In conclusion, integrating Maslahah with dynamic capabilities extends RBV by incorporating both adaptability and ethical considerations into strategic management. This

integration provides a more comprehensive framework for understanding how organisations can achieve sustainable competitive advantage in complex and dynamic environments.

### Maslahah-Driven Innovation Capability

Innovation capability is widely recognised as a critical determinant of organisational performance, particularly within the manufacturing sector where firms must continuously adapt to technological change, market competition, and evolving stakeholder expectations (Chahal et al., 2020; Zahra, 2021; Camisón & Lopez, 2010). Within the resource-based view (RBV), innovation capability is understood as the firm's ability to transform internal resources—such as knowledge, organisational routines, and technological assets—into new products, processes, and services that generate competitive advantage (Barney, 1991; Grant, 1991; Bansal & Bogner, 2007). However, traditional approaches to innovation often prioritise efficiency, productivity, and profitability, with limited consideration of broader societal and ethical implications (Priem & Butler, 2001; Miller, 2019).

By integrating Maslahah into the conceptualisation of innovation capability, this paper reframes innovation as a socially responsible and ethically guided process that balances economic objectives with public welfare. Maslahah introduces a normative dimension into innovation, ensuring that organisational outputs not only create value for the firm but also contribute to societal well-being and sustainable development (Auda, 2019; Kamali, 2020; Tahir & Hamid, 2024). This perspective aligns with emerging discussions on responsible innovation and sustainability, where firms are expected to address societal challenges such as environmental degradation, inequality, and resource scarcity (Porter & Kramer, 2011; Khan et al., 2022).

The integration of Maslahah into innovation capability can be further understood through its three hierarchical levels, *daruriyyah*, *hajiyyah*, and *tahsiniyyah* which provide a structured framework for prioritising innovation efforts based on their impact on human welfare (Islam, 2022; Hajar et al., 2020). At the *daruriyyah* (necessities) level, innovation focuses on addressing fundamental human needs that are essential for survival and societal stability. This includes innovations in areas such as healthcare, food security, clean energy, and environmental sustainability. Manufacturing firms, for instance, can develop cost-effective medical devices, sustainable packaging solutions, or energy-efficient production systems that directly contribute to societal well-being (Chahal et al., 2020; Gunasekaran et al., 2017). By prioritising essential needs, organisations not only fulfil ethical responsibilities but also enhance their legitimacy and long-term sustainability (Auda, 2019). At the *hajiyyah* (complementary needs) level, innovation aims to improve quality of life by reducing hardship and increasing convenience. This includes advancements in digital technologies, logistics systems, and service delivery that enhance accessibility and efficiency (Wang & Li-Ying, 2015; Pee & Kankanhalli, 2016). For example, innovations in supply chain digitisation, smart manufacturing, and financial inclusion platforms can significantly improve operational efficiency while also benefiting consumers and communities (Camisón & Lopez, 2010; Ngamsirijit, 2011). Within this level, Maslahah ensures that innovation remains inclusive and accessible, preventing the marginalisation of vulnerable groups and promoting equitable development (Tahir & Hamid, 2024).

At the *tahsiniyyah* (enhancements) level, innovation focuses on improving lifestyle, comfort, and user experience while maintaining ethical boundaries. This includes the development of premium products, advanced technologies, and aesthetic improvements that enhance consumer satisfaction (Zahra et al., 2004; Haeruddin, 2024). However, unlike conventional approaches that may encourage excessive consumption or materialism, Maslahah emphasises moderation

and ethical responsibility, ensuring that such innovations do not lead to social harm or inequality (Auda, 2019; Samidi et al., 2018). Overall, the Maslahah-driven approach to innovation capability provides a multi-dimensional framework that integrates economic performance with ethical and societal considerations. It encourages organisations to move beyond profit-driven innovation toward value-driven innovation that addresses real societal needs. This not only enhances organisational competitiveness but also contributes to long-term sustainability and social welfare, making innovation more meaningful and impactful in contemporary business environments (Khan et al., 2022; Gunasekaran et al., 2017).

### Theoretical Contributions

This paper makes several important theoretical contributions by extending the resource-based view (RBV) through the integration of Maslahah, thereby addressing long-standing limitations related to ethics, societal impact, and sustainability. While RBV has been widely acknowledged for its ability to explain firm heterogeneity and sustained competitive advantage (Barney, 1991; Wernerfelt, 1984; Peteraf, 1993), it has often been criticised for its narrow focus on economic value creation and internal firm performance (Priem & Butler, 2001; Miller, 2019; Sabourin, 2020). This study responds to these critiques by introducing Maslahah as a complementary theoretical construct that embeds public welfare and ethical considerations within the RBV framework.

First, this paper contributes by reconceptualising the nature of strategic resources. Traditional RBV literature emphasises tangible and intangible assets such as knowledge, capabilities, and routines (Grant, 1991; Bansal & Bogner, 2007; McGee, 2015). However, this study advances the argument that ethical and value-driven constructs such as Maslahah can also function as strategic resources that satisfy the VRIN criteria. By doing so, it expands the scope of RBV beyond economic and operational assets to include moral and societal dimensions (Auda, 2019; Kamali, 2020; Tahir & Hamid, 2024). This extension aligns with recent calls in strategic management to incorporate sustainability and stakeholder-oriented perspectives into existing theories (Porter & Kramer, 2011; Khan et al., 2022). Second, this paper contributes by positioning Maslahah as a mediating capability, thereby enriching the understanding of how internal organisational factors translate into innovation outcomes. While prior studies have examined the direct effects of capabilities such as knowledge management, collaboration, and organisational culture on innovation (Allred et al., 2011; Wang & Li-Ying, 2015; Zahra et al., 2004), limited attention has been given to the underlying mechanisms that shape these relationships. By introducing Maslahah as a mediating construct, this paper provides a more nuanced explanation of how organisational resources are transformed into meaningful and socially responsible innovation (Pee & Kankanhalli, 2016; McGee, 2015; Samidi et al., 2018). Third, this study contributes to the literature by bridging Islamic ethical principles with mainstream strategic management theories. Although Maslahah has been widely discussed in Islamic finance and governance (Dusuki & Abdullah, 2007; Halim & Al Amruzi, 2024), its integration into RBV remains limited. This paper addresses this gap by demonstrating how Maslahah can enhance the explanatory power of RBV, particularly in contexts where ethical and social considerations are increasingly important (Rhetha et al., 2024; Aziz et al., 2023). This integration also contributes to the broader literature on responsible innovation and sustainable business practices (Chahal et al., 2020; Gunasekaran et al., 2017). Finally, the paper advances theoretical development by aligning RBV with dynamic capabilities through Maslahah. While dynamic capabilities theory addresses RBV's static limitations by emphasising adaptability (Teece et al., 1997; Zahra, 2021), it still lacks a strong ethical foundation. Maslahah fills this gap by guiding how resources are reconfigured in a way that

balances competitiveness with societal welfare (Auda, 2019; Kamali, 2020). Overall, this paper provides a more holistic and integrative theoretical framework that enhances the relevance of RBV in contemporary organisational research.

### Practical Implications

The integration of Maslahah into the resource-based view offers significant practical implications for organisations seeking to enhance innovation capability while maintaining ethical and societal responsibility. In an increasingly complex and stakeholder-driven business environment, firms are expected to move beyond profit maximisation and demonstrate commitment to sustainability, social welfare, and ethical governance (Khan et al., 2022; Gunasekaran et al., 2017; Porter & Kramer, 2011). The incorporation of Maslahah provides a structured and actionable framework to achieve these objectives. First, organisations can leverage Maslahah to enhance innovation capability by aligning internal processes with societal needs. Rather than focusing solely on efficiency and profitability, firms can develop innovations that address real-world challenges such as environmental sustainability, healthcare accessibility, and social equity (Chahal et al., 2020; Tahir & Hamid, 2024). By adopting a Maslahah-driven approach, organisations can ensure that their innovation strategies are not only competitive but also socially impactful, thereby increasing their relevance and long-term viability (Auda, 2019; Kamali, 2020).

Second, Maslahah can be used to strengthen stakeholder trust and organisational legitimacy. Trust is a critical intangible asset that influences customer loyalty, employee engagement, and regulatory support (Miller, 2019; Sabourin, 2020). When organisations demonstrate a commitment to public welfare, they are more likely to gain the confidence of stakeholders and build long-term relationships (Aziz et al., 2023; Rhetha et al., 2024). This trust, in turn, enhances organisational reputation and creates a competitive advantage that is difficult for competitors to replicate (Barney, 1991; Peteraf, 1993). Third, Maslahah provides practical guidance for leadership and decision-making. Top management plays a crucial role in shaping organisational values and directing resource allocation (Khan et al., 2022; Gunasekaran et al., 2017). By embedding Maslahah into leadership practices, managers can make more balanced decisions that consider both economic and social outcomes (Dusuki & Abozaid, 2007; Halim & Al Amruzi, 2024). This approach encourages ethical leadership and promotes a culture of responsibility and accountability within the organisation.

Furthermore, Maslahah can be operationalised across different organisational functions. In knowledge management, it encourages ethical knowledge sharing and collaboration (Pee & Kankanhalli, 2016; McGee, 2015). In operations, it supports the development of sustainable and flexible production systems (Camisón & Lopez, 2010; Ngamsirijit, 2011). In organisational culture, it fosters values such as integrity, cooperation, and social responsibility (Zahra et al., 2004; Haeruddin, 2024). Ultimately, the practical application of Maslahah enables organisations to achieve sustainable competitive advantage by integrating economic performance with societal welfare. This dual focus not only enhances innovation capability but also ensures that organisational success is aligned with broader social and ethical goals.

### Conclusion

This paper has argued that extending the resource-based view with Maslahah provides a more comprehensive and relevant framework for understanding innovation capability in contemporary organisational contexts. While RBV has traditionally focused on internal resources and capabilities as sources of competitive advantage (Barney, 1991; Wernerfelt,

1984), it has been limited by its insufficient consideration of ethical and societal dimensions (Priem & Butler, 2001; Miller, 2019). By integrating Maslahah, this study addresses these limitations and offers a more holistic perspective that combines economic competitiveness with public welfare.

The conceptualisation of Maslahah as both a VRIN resource and a mediating capability represents a significant theoretical advancement. As a resource, Maslahah enhances organisational legitimacy, stakeholder trust, and long-term sustainability (Khan et al., 2022; Gunasekaran et al., 2017). As a mediating capability, it shapes how organisational resources are deployed, ensuring that innovation processes align with ethical and societal objectives (Pee & Kankanhalli, 2016; Allred et al., 2011). This dual role strengthens the explanatory power of RBV and provides a more nuanced understanding of innovation capability. Moreover, the integration of Maslahah with dynamic capabilities highlights the importance of adaptability and ethical guidance in resource reconfiguration (Teece et al., 1997; Zahra, 2021). In rapidly changing environments, organisations must not only respond to market demands but also address societal challenges. Maslahah provides a framework for achieving this balance, ensuring that innovation contributes to both organisational success and social well-being (Auda, 2019; Kamali, 2020).

From a broader perspective, this study contributes to the ongoing evolution of strategic management theory by incorporating insights from Islamic jurisprudence into mainstream frameworks. This integration enriches the theoretical landscape and opens new avenues for research on responsible innovation, sustainability, and ethical governance (Aziz et al., 2023; Rhetha et al., 2024). Extending RBV with Maslahah offers a powerful and timely framework for understanding innovation capability in a way that integrates competitiveness with societal welfare. Future research should explore empirical validation of this framework and examine its applicability across different industries and cultural contexts, particularly within emerging economies and sustainability-driven sectors.

### **Acknowledgements**

The authors would like to express their sincere appreciation to Universiti Sains Malaysia (USM) for the support and academic environment that contributed to the development of this study. The authors also extend their gratitude to fellow colleagues and researchers whose insights and discussions have enriched this work

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