

**DEPARTMENT OF BUSINESS ADMINISTRATION
FACULTY OF ECONOMICS AND ADMINISTRATIVE SCIENCES
INTERNATIONAL ISLAMIC UNIVERSITY**

*Malaysia International Symposium on Management and Administration in the Islamic
Perspective: Models and the Issues and Challenges Summarized*

***Performance Evaluation Indicators &
The Differentiation of the Islamic Financial Investments***

Dr. Samer Kantakji¹

www.kantakji.com

مؤشرات تقييم الأداء ومفاضلة الاستثمارات المالية الإسلامية

يقدم هذا البحث أداة إستراتيجية للإدارة تحل بها معضلة استخدام المؤشرات الربوية، من خلال سبره تقنيات اتخاذ القرار وآليات استخدامات الفائدة الربوية، ثم حاول طرح الحل على أسس تناسب الرؤى الاقتصادية والإدارية ضمن إطار الأصول الشرعية. فتم احتساب مؤشر قياس الأداء بطريقة مقترحة تحاكي تقنية إعداد الليبور أو تبتعد عنها نهائياً. مما يمكن الإدارة من الاعتماد على هذا المؤشر في قراراتها المستقبلية خاصة في ظروف عدم التأكد دون الحاجة لأية مخالفات شرعية، بل ستستخدم أداة أكثر عقلانية لأنها تعكس ظروف السوق وتحاكيها.

Abstract

*Performance Evaluation Indicators & The Differentiation of the Islamic
Financial Investments*

This research provides a strategic management tool solved the dilemma by using indicators usury, through sounding techniques and decision-making mechanisms uses usury interest, and then tried to put the solution on the basis of appropriate economic and administrative visions within the framework of legitimate assets. Been calculated index measuring performance in a simulated proposed technical preparation LIBOR or away altogether. This will enable the Department to rely on this indicator in its future, especially in conditions of uncertainty without the need for any irregularities legitimacy, but used a more rational because they reflect market conditions and emulate.

¹ For Full CV look at: www.kantakji.com

Introduction:

Refraining from usury was and is still an ongoing challenge facing all the pillars of Islamic economy. Although Islamic banks have exceeded it in their application, the performance evaluation's studies, financial mathematics, feasibility studies, managerial accounting, financial analysis and financial engineering have not skipped it up till now and are still suffering from mixed concepts.

This research is to bridge this gap and demonstrate the independence of each of the curriculum and Islamic concepts from other approaches and concepts.

Importance of Research

The indicators mentioned are a significant issue in the world of business, but they have vital and effective roles in assessing performance. The importance of research is clear in the following:

- "Independence of the Islamic curriculum through the use of tools and methods suited to its administrative and economic methods.
- "Harmony between modern management and Islamic administration, this means the suitability of Islamic Shari'a every time and place.

Curriculum Research

The Research shows the importance and role of performance indicators, and proves the shortage of interest of usury to these indicators to reduce their effectiveness, as well as their prohibition in the Islamic Shari'a, thus it is not favorable to be used in the measurement at least.

The research also (for the first time in history) present a mathematical model of usury according to the four doctrines containing its private and public cases. Thus proves the possibility of modeling usury in the Islamic perspective, and opens the door widely to the scientific method to study it by familiar tools.

Accordingly, the research tries to set a profit model as an alternative style supported by realistic and effective techniques leading to being use within the performance indicators that need to use an indicator to reflect the alternative opportunity cost efficiently and credibly this helps to carry out a financial assessment to differentiating between investments and projects. This exceeds the indicators based on the usury interest because of their shortage as to testimony of senior international economists.

Basing on the foregoing, the outline of the research is as follows:

- The importance of indicators to support the investment decisions.
- Classification performance indicators.

- The lacks of interest in supporting the indicators.
- Mathematical model of usury and financial mathematics.
- Profit model and its role in the rationalization of performance measurement.
- Ways of applying the performance indicators to Islamic financial institutions, as proposed in:
 1. Islamic financial engineering.
 2. Economic feasibility studies.
 3. Managerial accounting and financial analysis.

Research results

The Islamic economy is capable to adapt the changes around it, without deviation from the fundamental basic elements. Indeed, the success of Islamic economy innovations to the global financial market and the degree of approval for study and acceptance attest to that. Thus, the proposed profit model is adequate and effective standard for the indicators and replaces the criterion of interest usury effectively and efficiently. This proves the independence of the concepts of the Islamic economy from other systems.

Conclusion

Researchers and practitioners in the field of management and Islamic economics should offer Islamic alternative solutions in the global market, which striving to achieve alternatives to enable to go out of their crises, to be free from the suspicions usury and capable of achieving economic efficiency and legal (Shari'a) credibility.