

first exegete who put *i'rab* on the Qur'ānic alphabets. Second, Thameem mentions that the Qur'ān has fifty-two different names, yet he describes only twenty-two. It would have been better if he had explained the rest of the names which would have given a comprehensive understanding of the Qur'ān.

Despite the shortcomings, this book is informative and well documented. It facilitates the non-Arabic speaking people to understand the Qur'ān, its holistic background, processes, styles, methods and the reasons for the revelation in English language. This book, therefore, will be of great interest to non-Arabic speakers and also to students of higher learning institutions. It provides an alternative reference to the works of Orientalists.

**Corporate Governance from the Islamic Perspective.** Edited by Nik Mustapha Hj. Nik Hassan, Shaikh Mohd. Saifuddeen and Shaikh Mohd Salleh. Kuala Lumpur, Malaysia: Institute of Islamic Understanding, Malaysia. 2002. pp. 121. ISBN 938-9099-81-7.

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The term 'corporate governance,' a catchphrase in modern business sector, has gained significance in the wake of global financial crises of the late 20<sup>th</sup> century. It gained popularity in East Asia in the wake of the financial crisis in 1997. It also attracted attention to the development of a vibrant corporate culture essential for the execution of corporate governance. Corporate culture is built upon three fundamental moral principles: (1) accountability, (2) transparency, and (3) trustworthiness.

The concept of corporate governance is a western invention. The underlying principles of corporate culture are deeply rooted in the teachings of Islam. All the seven chapters of this book examine corporate governance with reference to Islamic sources of knowledge.

Dato' Mustapa Mohamed in the epilogue mentions categorically that the idea of good corporate governance is alien neither to Islam

nor to the Malaysian business sector. He believes that good governance requires vibrant corporate culture manifesting such Qur'ānic values as honesty, trust, and transparency. The Malaysian Government actively participates in promoting and developing corporate culture. It has initiated various regulatory measures "to strengthen and modernize the framework for corporate regulation in Malaysia" (p. 16). The reform measures indicate a discernable stress on enhancing disclosure, transparency and accountability amongst Malaysian companies" (p. 16). Such regulatory measures included establishment of Financial Reporting Foundation, the Malaysian Accounting Standards Board, setting up of Danaharta and Danamodal and High Level Finance Committee on Corporate Governance. Dato' Mustapha's adopts a policy oriented approach in his analysis.

Nik Mustapha Nik Hassan discusses three essential components of corporate culture in Islam: (1) social responsibility in business, (2) sense of fairness or justice and (3) cooperation among members of the society. According to him, the above three components are closely related and collectively contribute to the realization of a balanced and harmonious society: a society devoid of manipulation, exploitation and economic disparities and a society in which prosperity is shared by all. According to Nik Mustapha, business is a religiously sanctioned activity. Teachings of Islam inculcate into the psyche of corporate governors and shareholders alike the sense of social responsibility. He argues that Islam stresses social implications of business activity more than western utilitarian principle of profit maximization by both consumers and businessmen. Islam, therefore, links profit to social responsibility which, in turn, requires cooperation. Nik Mustapha cites numerous verses from the Qur'ān and Prophetic traditions in support of his argument.

Raja Dato' Arshad Raja Tun Uda, in his brief, five-page chapter, points out significant developments experienced by the corporate sectors both in Malaysia and the world over. However, he does not discuss the development of corporate governance in Japan which is considered the Asian Economic Bloc leader. According to him, a unique feature of corporate governance in Malaysia is that the corporate culture requires that its activities must be guided by two principles: (1) prosperity and (2) corporate accountability. Its numerous institutions, he argues, are geared towards not only to create a prosperous but also a more responsible and accountable sector. All necessary institutions, therefore,

are included in the Malaysian Code of Corporate Governance so that a more prosperous yet accountable sector could develop. Unlike Nik Mustapha who stresses individual moral upliftment dimension of the corporate culture, Dato' Mustapa's emphasis is on the organizational behaviour.

Tan Sri Nik Mohamed Nik Yaacob builds his analysis along the similar approach adopted by Dato Arshad. He critically examines two major aspects of corporate governance in Malaysia. First, he suggests that responsibility in corporate governance needs to be looked at from a macro level i.e., responsibility should rest not with the Board of Directors only but all the players in the system such as auditors, regulators, market intermediaries, corporate and legal advisors, and shareholders. He considers the official view "unfortunate" that holds the Board of Directors responsible for "good corporate governance" (p. 55). Second, Nik Mohamed argues that one needs to liberate himself from mere reliance on legal proceedings and legislative provisions for the realization of good corporate governance. Endeavors aimed at creating good corporate governance should also include structural changes and transformation of an organization. Marhaini Nordin joins her colleagues in emphasizing the need for the development of a vibrant corporate culture and urges the government to embark on a critical review of the present code of conduct for corporate governance in Malaysia. The code of conduct Marhaini advocates is comprehensive in the sense that it should address both individual moral upliftment as well as organizational behaviour. The phrase 'code of conduct' in Marhaini's analysis has two elements: (1) practices that could not be captured in legal terms and mostly involve individuals working in a company and (2) practices that involve the very purposes and philosophy of a company and they could be written in statutory form. She believes that in both aspects, the Malaysian code of conduct is needed. She also identifies the elements of corporate governance that have been detailed by the Finance Committee on Corporate Governance that needs review and necessary amendments.

Barjoyai Bardai and Sheikh Ghazali Abod look a little closer at the first element of code of conduct in Marhaini's analysis: moral code of conduct for chief executives and board of directors of companies. They argue that the central element of corporate governance is primarily and essentially man. Marhaini's focus in advocating a review of code

of conduct is the existing standards of ethics for directors of companies. According to Barjoyai and Sheikh Ghazali, Islam could become a rich source for the reformulation of such standards of ethical conduct. Barjoyai and Sheikh Ghazali examine the relationship between the concept of *tawhīd* and *akhlāq* (ethic i.e. right conduct) in Islam and project its implications on the evolution of corporate culture and corporate governance. Sheikh Ghazali, by critically examining existing moral codes of conduct, maintains that all business activities promote one common theme which is devoid of moral values: profit maximization. This aspect was also highlighted in the chapter by Nik Mustapha. In such activities, Sheikh Ghazali argues, “obviously the concept of social perimeter is absent” (p. 97). As a corrective, Barjoyai suggests an emphasis on *tawhīd*. He says when *tawhīd* becomes the main source of *akhlāq* for men, they would perceive their role as Divine trustee and therefore feel obliged to act in accordance with the Divine Code. Absence of a vibrant moral code for man-cum-chief executives and directors would eventually exacerbate the malaise of the corporate sector and hence its downfall.

The book is a welcome contribution to the field of political science in general and public administration in particular. The book is unique in many ways. The ideas expressed and recommendations suggested reflect originality. More importantly, the views are expressed on the basis of real and practical problems the Malaysian Corporate Sector faced during the Asian Financial Crises in 1997. While works in this volume indicate the role religion can play in eliminating social ills and economic problems, they are also expressive of the fact that Islam is very much relevant to modern challenges and realities. Another factor to which these works collectively point out is harmony between Islam and some western concepts and ideas. Existence of such a harmonious relationship demands serious efforts by Muslim scholarship towards Islamization of Western sciences. All contributors argue that the idea of corporate governance is new while its underlying principles are not. It may be necessary to inform the readers that individual articles do not discuss the issue under discussion adequately and in relatively detailed manner. Though the articles compiled in this volume are brief, they are directed to various areas for further research in the area of corporate governance and corporate culture from the Islamic perspective.