
The context of Islamic entrepreneurship and business: concept, principles and perspectives

Veland Ramadani*

Faculty of Business and Economics,
South-East European University,
Tetovo, Macedonia
Email: v.ramadani@seeu.edu.mk
*Corresponding author

Léo-Paul Dana

Montpellier Business School,
Montpellier Research in Management,
Montpellier, France
Email: lp.dana@supco-montpellier.fr

Vanessa Ratten

La Trobe Business School,
La Trobe University,
Melbourne, Australia
Email: v.ratten@latrobe.edu.au

Sadush Tahiri

Islamic Community of Macedonia,
The Mosque of Çair,
Skopje, Macedonia
Email: sadush.tahiri@hotmail.com

Abstract: Islamic entrepreneurship and business is a topic area of business management study due to the increasingly dynamic international business environment in which culture and religion are important to developing business relationships. The main objective of this paper is to see the approach of Islam as a religion towards entrepreneurship and business. Utilising recent and relevant literature on the topic, this paper is based on the Holy Qur'an verses and the Muhammad's (S.A.W) Hadith (teachings and traditions). In this paper the themes focused on include the taqwa, halal and haram; knowledge and entrepreneurs; innovativeness and risk-taking, proper usage of resources, financing and Islamic perspectives on ethics and social responsibility. At the end of the paper we provide recommendations for further research and suggestions for how emerging interest in this topic area of business management study might be addressed. We also highlight how the context of Islamic business is an important driver of entrepreneurial activity.

Keywords: Islam; religion; entrepreneurship; business; Qur'an; Hadith.

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Biographical notes: Veland Ramadan is an Associate Professor at South-East European University, Republic of Macedonia where he teaches both undergraduate and postgraduate courses in entrepreneurship and small business management. His research interests include entrepreneurship, small business management and venture capital investments. He has authored around 50 research articles and 11 text-books. Also, he serves as a member of editorial and reviewer board of several international journals.

Léo-Paul Dana is a graduate of McGill University and of HEC Montreal. He is a Professor at Montpellier Business School and a member of the Entrepreneurship and Innovation chair, which is part of LabEx Entrepreneurship (University of Montpellier, France). This 'laboratory of excellence' is funded by the French Government in recognition of high-level research initiatives in the human and natural sciences (LabexEntreprendre, ANR-10-Labex-11-01).

Vanessa Ratten is an Associate Professor of Entrepreneurship and Innovation at La Trobe University. Her main teaching and research areas are management, innovation and entrepreneurship. She has written numerous books and articles on areas including sport entrepreneurship, European entrepreneurship, Asian entrepreneurship, technological innovation and cloud computing.

Sadush Tahiri is a graduate of Ushuluddin Faculty, Al-Azhar University, Cairo, Egypt. For 18 years he delivered public lectures in different schools and organisations related to Islam and society. He also acts as a translator from Arabic to Albanian language. Currently, he is serving as imam of the Mosque of Çair in Skopje, Macedonia.

"Then when the prayers have ended, disperse and go your ways in quest of God's bounty. Remember God always, so that you may prosper." (The Holy Qur'an, 62:10)

"Be optimistic and good shall be found" (Prophet Muhammad S.A.W)

1 Introduction

Dana (1995a) emphasised the importance of understanding entrepreneurship and business in its context. The importance of context was more recently highlighted by Ramadan and Schneider (2013a) and Welter (2011). Fayolle (2013, pp.9–10) noted that entrepreneurship and business;

"is a complex and multidimensional research object, and in this regard context should be considered as a key variable... The notion of context encompasses spatial (geographical location, country, community, religion, etc.) and temporal dimensions, business dimensions (industry, market), and social (networks, family and friends, etc.) and institutional dimensions (culture, society, economic system, etc.)".

In this line, we consider that treating entrepreneurship and business from the Islamic context represents a treasured input to the field.

Dana (2009, 2010, 2011) sparked interest in religion as an explanatory variable for entrepreneurship and business. Islam as a religion has given great attention to entrepreneurship and business. This can be seen in the verses of the Holy Qur'an and teachings of Muhammad S.A.W, as a prophet.

Islam, as the world's second largest religion (Hill, 2008) is founded in five pillars that form the main obligations and spiritual beliefs (Pistrui and Fahed-Sreih, 2010). The five pillars of Islam are presented in Table 1.

Table 1 The five pillars of Islam

1	<i>The creed</i>
	The creed is based on two very beliefs:
	1 There is no God but Allah and that Muhammad is the prophet of Allah
	2 Muhammad is God's final prophet to human kind, after whom there will be no other
2	<i>Prayer</i>
	There are two types of prayers central to Muslims:
	1 <i>Salat</i> , ritual prayers prescribed at specific times in particular forms
	2 <i>Du'a</i> , a personal prayer or invocation addressed by the believer to God
3	<i>Charity</i>
	The third pillar called <i>zakat</i> relates to 'alms giving and social welfare':
	• Conceived as a <i>tax</i> paid by Muslims to the community, which is used to help the needy • Early social system that emerged into a complex global system of charitable foundations and institutions
4	<i>Fasting</i>
	The fourth pillar relates to primarily to the holy month of Ramadan and abstention:
	• <i>Fasting</i> from dawns to dusk for the entire month as prescribed by the Koran and following the solar calendar • <i>Abstention</i> from certain food and drink, tobacco, sexual relations, alcohol and pork
5	<i>Pilgrimage</i>
	The fifth pillar relates to the obligation of all Muslims who are able to make a pilgrimage to Mecca for <i>Haji</i> :
	• Once in a life requirement to make a pilgrimage to the holy cities of Mecca and Medina and engage • Two types of pilgrims, scholars and merchants centred around experiences connected with knowledge and contacts

Source: Lewis and Churchil (2009) as cited in Pistrui and Fahed-Sreih (2010)

Muslims as entrepreneurs have been progressively seeking to set up businesses that are consistent with Islamic principles of living, known as Shari'ah law, respectively establishing companies whose activities are halal (lawful), not haram (unlawful). Even though, according to Islamic principles, some business elements and activities – such as interest payments, alcohol, gambling, producing and processing pork, pornography and some types of entertainment – are not allowed, today there are a lot of Muslims that are

successful entrepreneurs (for example, Jawed Karim, the co-founder of Youtube or Azim Premji, the chairman of Wipro).

Islam as a religion invites all Muslims to be active and hardworking, which are characteristics of entrepreneurs and business owners. Islam encourages prosperity through the correct usage of the resources given by God. Entrepreneurship and business in Islam is usually based on these principles: entrepreneurship and business is an integral part of this religion; success is not only measured by the end result but also by the means of achieving them; Islam encourages people to venture into business; business activity is part of ibadah or 'good deed'; guiding principles of entrepreneurship and business are based strictly on the Holy Qur'an and the Prophet's Hadith (teachings and traditions) and ethics and social responsibility are based on the exemplary conduct of Muhammad S.A.W. (Ghoul, 2011; Gümüşay, 2014; Lewis and Churchill, 2009; Ullah et al., 2013).

The paper is structured as follows: in the first section is the introductory part of the paper, where are discussed the objectives and the relevance of the topic. In the second section is summarised the important literature review related to entrepreneurship and business, with main concentration on the description of the essential characteristics of these concepts. Section 3 elaborates entrepreneurship and business based on the Holy Qur'an verses and the Hadith of the Prophet Muhammad S.A.W. Section 4 concludes the paper and provide some recommendations toward future research.

2 Entrepreneurship and business: general overview

Entrepreneurship is an opportunity seeking business activity that is utilised by individuals, governments and society around the world to encourage economic development. As a business activity entrepreneurship focuses on innovation, risk management, technology, capital growth and institutional activity. The link between certain segments of entrepreneurship including religion, migrants and gender affect the ability of governments to encourage a creative and business orientated spirit in society. Entrepreneurship has been a particular interest for researchers focused on business development and public policy planners. This is due to entrepreneurship encouraging market innovations that are crucial in the increasingly complex global business world (Ratten, 2014; Ramadani and Schneider, 2013b).

The willingness of entrepreneurs to face risk and be creative is key distinctive features of their personality and behaviour. Entrepreneurship enables people to participate in economic and regional development by encouraging job growth and new business activity. There is a debate in the entrepreneurship literature about what an entrepreneur is due to the increasing dynamic capabilities of innovative people. Gartner (1990) proposed that most definitions of entrepreneurship include the characteristics of innovation, value creation, growth, profit and managerial ability. This means that at the core of most definitions of entrepreneur is the willingness to undertake something and relates to the risk taking behaviour made popular by the general media about entrepreneurs.

Entrepreneurship is an activity, process and concept that involve business creation. The entrepreneurs are the person that engages in this business activity. Entrepreneurs act as decision makers about how opportunity should progress and the coordination of resources to make it happen. Playing a supervisor role, entrepreneurs deal with business decisions about the division of labour and conduct of activity. The core premise of

entrepreneurs is that they allocate resources from less to high productive areas of business activity (Shuklev and Ramadani, 2012). One of the earliest definitions of an entrepreneur is by Schumpeter (1934) who described entrepreneurs as individuals who add value to the economy by contributing new ways of thinking. This means that entrepreneurs put into practice new ways of doing business that enables consumers to see products, services and markets in a different light.

Entrepreneurship can be described as an uncertain business activity as there is little known about the current situation and linkage to higher profit maximisation business activity. This uncertainty involves randomness with unknowable probabilities but risk has knowable possibilities (Knight, 2009). However, research by Kirzner (1973) said that entrepreneurship does not involve risk because entrepreneurs can judge business situations. This means that entrepreneurs use their business intuition to be alert for profitable business opportunities.

Coordination between available resources and opportunity is a key function of entrepreneurs as their ability to be innovative in the marketplace (Aidis, 2003). Another function is the ability to assess how resources can be used in a more efficient way in the economy to encourage business creation (Casson, 2010). As enterprising individuals are primarily interested in ensuring self-employment this assessment characteristic drives entrepreneurial behaviour (Hisrich et al., 2008). Combining production factors by entrepreneurs enables the effective seeking of business growth involving risky circumstances. The ability of entrepreneurs to realise profit and business growth is important. Entrepreneurship activity is crucial to assessing the early stage business venture process that is created by recognising appropriate opportunities. The money making endeavours associated with entrepreneurs is created by business leaders thinking differently in the marketplace. This entrepreneurial thinking produces financial revenue that maintains the growth projector of business entities.

Business endeavours are entrepreneurial when a creative idea incorporates profit seeking behaviour. The general perspective regarding entrepreneurship involves economic and social development. The factors related to entrepreneurially friendly environment includes capital and business development, which incorporates change management. There is increasing pressure on the institutional environment of a country to affect the development of entrepreneurship. This is because institutions such as government agencies and policy makers are critical for entrepreneurial firms. Entrepreneurship is a solution for many individuals and organisations with interesting ideas and projects but need venture capital to progress.

There is a growing recognition in the business world that economic behaviour is better understood within its context (Welter, 2011). This means that the context in which entrepreneurship occurs is important when understanding firm and individual behaviour. Entrepreneurship depends on the internal and external factors occurring in the business environment (Gartner, 1990). Context is important for entrepreneurship research as it enables a connection to be made between environments, conditions and business opportunities (Welter, 2011). The context in which an entrepreneur exists helps to understand how opportunity and constraints affect behaviour (Johns, 2006). Many entrepreneurs are influenced by the situation and surroundings in which they are located that affects entrepreneurial decision-making processes. This means that detailed information about the circumstances in which entrepreneurs exist determines the success or failure of business endeavours.

The lens in which an entrepreneurs operations leads to the where, when and how of business interests and helps ventures be created (Welter, 2011). This lens can include business, social or institutional elements depending on the entrepreneurial environment (Whetten, 1989). The context of these elements including the environment and neighbourhood in which the entrepreneur exists draws attention to other behavioural elements. Entrepreneurship develops and changes based on context so it is important to understand societal evolution to see how business has been developed. This may include looking at cooperative entrepreneurship as an important part of societal factors due to the link between business, community and government in facilitating innovation.

3 Entrepreneurship and business: perspectives from the Holy Qur'an and the Hadith

Fifteen or 20 years before, there was a lack of studies on entrepreneurship and business from the perspective of Islam, respectively the Holy Qur'an and the Hadith. As Davis (2013) noted, based on Adas (2006) and Barber (1995), the lack of these kinds of studies was as a result of many reasons. For example:

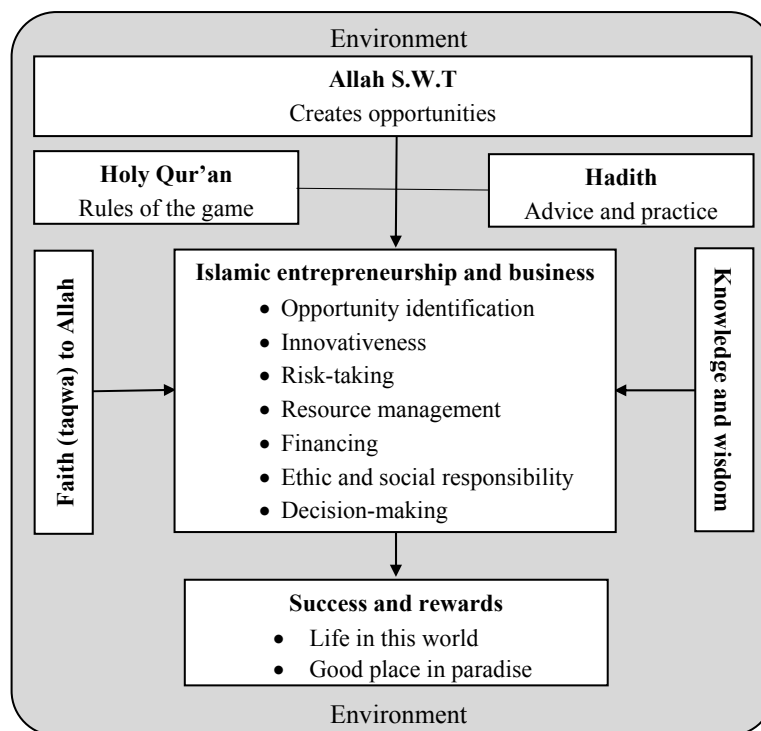
- 1 unreachability of 'western' scholars to reliable and primary sources for writings on Islamic entrepreneurship and business, since the most of them are written in Arabic, Urdu or other languages not commonly spoken by non-Muslim scholars
- 2 the historical assertion by some western scholars that Islam is incompatible with capitalism and hence private enterprise
- 3 lack of understanding of explanatory activities of Islamic entrepreneurs who 'deconstruct' and 'reconstruct' the liaison between entrepreneurship and Islam as a religion.

Islamic entrepreneurship in recent times has been a significant field of study among researchers. In this regard, Ghoul (2011, p.295) describes the crucial factors that have contributed in increasing the interest for it:

- Exceed liquidity due to the surge in oil prices in the dominantly Muslim populated countries.
- Many Muslims brought back their money home after the September 11 attacks in USA, as a result of fear from new regulations resulting in higher scrutiny over the capital of Muslims all over the world.
- Currently estimated at 1.6 billion, growth rate in Muslim countries is considered high and this produces conditions for larger targets for Muslim enterprises.
- Realisation of the significance of Shari'ah rules and principles in business dealings as a result of the religious awakening of Muslims. As Feldman (2008) says,
"in the Muslim world, on the other hand, the reputation of Shari'ah has undergone an extraordinary revival in recent years. A century ago, forward-looking Muslims thought of Shari'ah as outdated, in need of reform or maybe abandonment. Today, 66 percent of Egyptians, 60 percent of Pakistanis and 54 percent of Jordanians say that Shari'ah should be the only source of legislation in their countries."

- Internal conflicts, wars with neighbouring countries, high unemployment rates, poverty, gender issues on one hand and political oppression on the other plague the majority of Muslim countries. The outcome of these circumstances is – increase of the number of Muslims immigrating to the western world (especially in North America and Europe) and growth in the establishment of Muslim enterprises in Muslim immigrant communities as a necessity.
- The interest of non-Muslim clients who seek socially responsible and ethical products and services is growing and this contributes to a sustainable growth of Muslim enterprises.

Figure 1 Model of Islamic entrepreneurship and business



Source: Developed by authors

Islam as a religion encourage the people to become entrepreneurs (Kayed and Hassan, 2010; Faizal et al., 2013). The Holy Qur'an and the Hadith of The Prophet Muhammad S.A.W are the main sources of the principles and the rules of entrepreneurship and business. Entrepreneurship and business have a special place in Islam as a religion. This is illustrated by the Holy Qur'an, where Allah S.W.T. says: "by men whom neither traffic nor merchandise can divert from the remembrance of Allah, nor from regular prayer, nor from the practice of regular charity"(Qur'an, 24:37), or by the Hadith of The Prophet S.A.W., where is said that "nine out of 10 sources of income are coming from business activities" (Salwa et al., 2013), or another one, which says that "an honest and sincere businessman will be placed with the prophets, siddiqin and al-syuhada". Both of these hadiths confirm that entrepreneurs and businessmen represent very important and

recognised people in Islam. Entrepreneurship and business are treated as a religious ritual (*ibadah*) to Allah S.W.T if they are carried out honestly and for the right reason (Yaacob and Azmi, 2012; Vargas-Hernández et al., 2010). A model of Islamic entrepreneurship and business is presented in Figure 1.

3.1 Faith (*taqwa*), lawful (*halal*) and unlawful (*haram*)

Islam requires from the believers to realise entrepreneurial activities in an honest way that pleases and gain *rida* (acceptance) from Allah S.W.T (Hamid and Sa'ari, 2011). Islam says that the entrepreneurs and businessmen must have *taqwa* (faith) to the Almighty Allah S.W.T. This means that they must believe in Allah S.W.T and his Messenger, Muhammad S.A.W, in order to be successful (Faizal et al., 2013). This is confirmed in the Holy Qur'an, where is said: "O you who have believed, shall I guide you to a transaction that will save you from a painful punishment? It is [that] you believe in Allah and His Messenger and strive in the cause of Allah with your wealth and your lives. That is best for you, if you should know" (The Holy Qur'an 61: 10–11).

According to Din (2007), the religious Muslim entrepreneurs should have these characteristics:

- referring to the Holy Qur'an as daily basis
- performing prayer five times a day
- performing 'zakat' (tithe)
- donating to the poor and those in need
- performing night and morning prayers (*dhuha*)
- performing gratitude prayers.

Taqwa is strongly related with the concepts of *halal* (lawful, permissible), *haram* (unlawful, not permissible) and *mushtabeh* (doubted). These are very well described by Alserhan (2011).

Halal has three levels:

- a *Wajib* (duty; obligatory acts) is described as the Core Halal. If the Muslim entrepreneurs fail to implement them, they make a sin and they cannot be seen as Shari'ah-compliant. So, entrepreneurs must implement the *wajib* acts. As examples of *wajib* acts are being honest and transparent.
- b *Mandoob* are preferable, but not obligatory acts and if the entrepreneurs do not perform them, it is not considered as a sin. *Mandoob* are considered as the supplementary Halal. There are preferable to be performed if it is possible. Examples of *Mandoob* include being helpful and going the extra mile.
- c *Makrooh* are not preferable acts and are discouraged by Islam. They are usually seen as a last resort. They should be avoided by entrepreneurs if it is possible.

Haram are the acts that are forbidden and sentenced in an explicit or implicit way by Islam as a religion. These acts are treated as sins. Examples include dealing with prostitution, illegal drugs, gambling, alcohol, speculation, usury, etc. (Hassan and Hippler, 2014). Allah S.W.T says in The Holy Qur'an: "O ye people! eat of what is on

earth, lawful and good; and do not follow the footsteps of the evil one, for He is to you an avowed enemy” (The Holy Qur’an, 2:168).

Mushtabeh are acts that are questioned and entrepreneurs should refrain as much as possible from them because they might be haram or lead to haram acts. These acts could be perceived as unscrupulous by stakeholders.

According to Pistrui and Fahed-Sreih (2010), the most of religions divide human actions into three categories: commanded, permitted and forbidden. Islam divides them in five categories: commanded, recommended, permitted, disapproved and forbidden.

3.2 Knowledge, wisdom and entrepreneurs

Knowledge is the heart of Islam. Islam as a religion came on the Earth with the first order by Allah S.W.T to the Prophet Muhammad S.A.W: “Read, in the name of your Lord, who created. He created man from an embryo. Read, and your Lord, Most Exalted. Teaches by means of the pen. He teaches man what he never knew” (The Holy Qur’an, 96:1–5). Other Qur’an verses with respect to the knowledge say: “Are those who know equal to those who do not? Only those with insight can keep it in mind” (The Holy Qur’an, 39:9); “God will exalt those who believe among you and those who have knowledge to high ranks” (The Holy Qur’an, 58:11).

The Prophet Muhammad S.A.W. in his teachings strongly encouraged the gaining of knowledge. Regarding this, he said “Verily, the men of knowledge are the inheritors of the prophets” (Muhamadul, 2011), “One who goes out to search for knowledge is to the cause of Allah till he returns” (Yaakub et al., 2015) or “If anyone travels on a road in search of knowledge, Allah will cause him to travel on one of the roads paradise” (Raza, 1999).

Beside knowledge, wisdom (*hikmah*) is very important in Islam, where Allah S.W.T says: “The parable of those who reject Faith is as if one were to shout like a goat-herd to things that listen to nothing but calls and cries: deaf, dumb, and blind, they are void of wisdom”(The Holy Qur’an, 2:171).

The characteristics of a successful Muslim entrepreneur are: “wise, strong, and intelligent, has a strong memory, knowledgeable, very experienced, modest, honest, prudent, just and has a strong will” [Yaacob and Azmi, (2012), p.87]. Entrepreneurs must have knowledge and skills in order to be successful. There are many changes that happen in different fields and entrepreneurs need to learn about them and at the same time to share their (old or new) knowledge and skills to others (Yusoff, 2002). As Hoque et al. (2014, p.134) noted: “there is no room for an indolent and idle brain in Islam”.

3.3 Opportunity identification

According to Islam, Allah S.W.T creates the opportunities for everything – including those for business. This is confirmed in the Holy Qur’an (5:15), where Allah S.W.T. says: “There has come to you from Allah Light and a Plain Book”. Good opportunities exist everywhere, but the entrepreneur should be able to identify, evaluate and use them (Dana, 1995a; Ramadani and Gërguri, 2011; Ratten, 2012). With regards to this, The Holy Qur’an (8:22) says “Indeed, the worst of living creatures in the sight of Allah are the deaf and dumb who do not use brain/reason”, or “And that there is not for man except that [good] for which he strives” (The Holy Qur’an, 53:39). Here should pointed out that if something is seen as opportunity for somebody that does not mean that is seen with the

same eyes for the others, respectively, a priest sees ham as an opportunity for a nice meal, an imam does not; An Irishman sees in beer opportunity for nice drink; a Frenchman may prefer wine; a Muslim in France may drink beer; a Muslim in Egypt can choose not to drink. Similar examples are presented in Dana (2006).

3.4 Innovativeness and risk-taking

As it was noted above, innovativeness and risk-taking represent the main features of entrepreneurship and business. Everyone should strive for changes which will make his life easier and better, as Allah says: “We do not change the circumstances of people until they do not change what is within themselves” (The Holy Qur’an, 13:11). Islam encourage innovativeness in businesses that are realised in accordance with the Shari’ah Law (Adham et al., 2012; Muhamad and Abd Rahman, 2004), but prohibit it within the religion. Then, it is considered as *bid’ah* (innovations in religious matters and is considered as a sin).

Regarding the risk-taking, according to Ibn Taimiyyah (Dusuki, n.d.), the Islamic view is as follows:

“There is no Shari’ah evidence to categorically prohibit all forms of risks. In fact, Allah and His Messenger do not prohibit all types of risks, or all activities which are doubtful in terms of whether it is profitable or loss or safe (neither profitable nor loss)... Instead, the type of risk which is prohibited concerning consumption of property in an unjust or wrongful manner. The main reason for prohibition from Shari’ah viewpoint is mainly concerned the unjust consumption of property even without the element of risk. Risk alone does not constitute prohibition.” (p.4)

Some risks, as those related to uncertainty (*gharar*) or gambling (*maysir*), are rigorously forbidden.

3.5 Usage of resources

Islam encourages entrepreneurs to use their resources in a proper way. Regarding this issue, Allah S.W.T in the Holy Qur’an says: “Oh children of Adam! eat and drink but waste not in excess, for Allah does not love the wasters” (The Holy Qur’an 7:31). Once Muhammad S.A.W had seen one of his friends how he is misusing the water during ritual ablution and had said to him: “O Sa’d, how wasteful you are!” When his friend asked if the water could be misused and wasted in rituals also, Muhammad replied: “Yes, even if you are using the running water of a river” (Gümüşay, 2014).

3.6 Financing

Although Islam encourage entrepreneurship and business, it prohibits borrowing money with interest (usury). It is very explicitly noted in the Holy Qur’an, where Allah S.W.T says:

“Those who swallow down usury cannot arise except as one whom Shaitan [Devil] has prostrated by (his) touch does rise. That is because they say, trading is only like usury; and Allah has allowed trading and forbidden usury. To whomsoever then the admonition has come from his Lord, then he desists, he shall have what has already passed, and his affair is in the hands of Allah; and

whoever returns (to it) – these are the inmates of the fire; they shall abide in it. Allah does not bless usury, and He causes charitable deeds to prosper, and Allah does not love any ungrateful sinner.” (The Holy Qur’an, 2:275–276)

“O you who believe! do not devour usury, making it double and redouble, and be careful of (your duty to) Allah, that you may be successful” (The Holy Qur’an, 3:130), or “And their taking usury though indeed they were forbidden it and their devouring the property of people falsely, and We have prepared for the unbelievers from among them a painful chastisement” (The Holy Qur’an, 4:161)

As a result of this, Islamic banks only provide products which are in line with Shari’ah. These products include mortgages to support home ownership, construction financing and the creation of local stock markets, where the basic principle is risk-sharing, respectively if one (person, company, bank, etc.) invests a sum of money in your business, he takes a share of your profit or loss (Pistrui and Fahed-Sreih, 2010).

3.7 Ethics and social responsibility

According to Rahim (2013):

“Islamic ethics is being defined as a *khlaq*, which means character, nature, and disposition. The word *akhlaq* has a very close relationship with the word *khaliq* (the Creator) and *makhluq* (the creature). Therefore, *akhlaq* assumes a good relationship between *khaliq* (the Creator) and *makhluq* (the creature), and between *makhluq* (the creature) and *makhluq* (the creature) themselves.” (p.508)

Islamic ethics is based on eight principles [Hashi, (2011), pp.126–128]:

- 1 ethics in Islam is transcendental. Thus, what is ethical and what is not or what is proper and what is not is determined by Allah S.W.T
- 2 Islamic ethical system defines man’s nature as good (*fitrah*) rather than evil or graceless
- 3 namely, man is born with good natural dispositions; evil traits are acquired and additional to the human nature
- 4 Islamic moral codes and standards proclaim universal justice and human equality
- 5 depending on the purpose of the individual and in conformance with the texts of the divine (*nusus al-shari’ah*), human actions are judged to be ethical or otherwise
- 6 in Islam, all humans are granted to enjoy their natural rights such as freedom and liberty, but ‘not on the expenses of accountability and justice’
- 7 egoism finds no place in the moral system of Islam. The entire human race is valued as one entity. Considering this, the interest of each individual participant of this entity is important
- 8 ethics is not a game of numbers in the concept of Islam. Thus, Islam rejects the functional argument that claims that moral ethics is whatever causes greatest happiness to the greatest number of people
- 9 ethical values and principles intent to deliver human interest (*jalb al-maslahah*) and avoid hardship (*dar’ al-mafsadah*).

Ethics and social responsibility has a special place in Islam, as a religion. This is confirmed in many studies (Emrullah and Hâdimî, 2014; Rahim, 2013; Tafti et al., 2012; Hashi, 2011) and by The Holy Qur'an and teachings of Muhammad S.A.W. Ethical and socially responsible behaviour are praised at the highest level in Islam. The Holy Qur'an says:

“Serve Allah, and join not any partners with Him; and do good-to parents, kinsfolk, orphans, those in need, neighbours who are near, neighbours who are strangers, the companion by your side, the wayfarer (ye meet), and what your right hands possess: for Allah loveth not the arrogant, the vainglorious.” (The Holy Qur'an, 4:36)

“Righteousness does not consist of turning your faces towards the East and the West. But righteous is he who believes in God, and the Last Day, and the angels, and the Scripture, and the prophets. Who gives money, though dear, to near relatives, and orphans, and the needy, and the homeless, and the beggars, and for the freeing of slaves; those who perform the prayers, and pay the obligatory charity, and fulfil their promise when they promise, and patiently persevere in the face of persecution, hardship, and in the time of conflict. These are the sincere; these are the pious.” (The Holy Qur'an, 2:177)

“Let there arise out a group of people inviting to all that is good enjoining what is right and forbidding what is wrong. They are the one who attained success.” (The Holy Qur'an, 5:44)

The last Qur'anic verse is commented by Rahim (2013) as follows: “Two important points can be highlighted from the above verse; first is calling others to all that is good, and second is enjoining what is right and forbidding what is wrong. Good implies the whole Islamic value system, its beliefs, ideas, ethical principles, and all aspects of life” (p.511).

In regards with ethic and social responsibility, Muhammad S.A.W has said “Nothing is heavier on the scale than having the good character”; “I was sent to uphold and sanctify the noble characteristics”; “Among the greatest number of people who enter paradise are of the pious and the virtues” (Rahim, 2013); “Give the wages of employee before his sweat dry”; “I will be the opponent of three types of people on the Day of Judgment,” and he listed one of them as ‘one who hires a worker, but does not pay him his right wages owed to him after fulfilling his work’ (Ayloush, 2015); “Remove obstructions (and litter) from the path of Muslims” (Kamali, 2010) and many other hadiths.

3.8 Decision-making

Decision-making according to Islam is based on the Holy Qur'an, where Allah says, “[y] when you have made a decision, put your trust in Allah, certainly, Allah loves those who put their trust (in Him)” (The Holy Qur'an, 3:159). Based on this verse, entrepreneurs must depend on Allah S.W.T. for the result of any action (known as Tawakkul). But, dependence on Allah S.W.T. without any thoughtful effort is not supported by Islam (Hoque et al., 2014). Some other Quranic verses regarding the decision-making are presented in Table 2, where Allah S.W.T demands from the man (entrepreneur) to have a consultative approach and rely on accurate information before making decisions and taking any action.

Table 2 Islamic principles related to modern business practices

<i>Islamic principles based on The Holy Qur'an</i>	<i>Corresponding modern business practices</i>
"And follow not (O man i.e., say not or do not or witness not) that of which you have no knowledge" (17:36).	Honesty and truthfulness; Investigation and verification before action; right and ethical conduct, true witness
"...the best of men for you to hire is the strong, the trustworthy." (28: 26)	Merit and competency should be the standard for selection and hiring
"And observe the weight with equity and do not make the balance deficient" (55:9, 83:1^3)	Truthfulness, sincerity and honesty in business dealings
"And those who answer the call of their Lord and establish prayer and who conduct their affairs by mutual consultation" (42:38)	Consultative decision-making
"O you who believe! Fulfil your obligations" (5:1)	Responsibility cannot be avoided
"...when you contract a debt for a fixed period, write it down... take witness whenever you make a commercial contract" (2:282).	Written contract and keeping witness
"...and We raise some of them above others in ranks, so that some may employ others in their work" (43:32)	Managerial hierarchies are necessary and acceptable
"O mankind! We have created you from a male and a female, and made you into nations and tribes, that you may know one other." (49:13)	Globalisation, multiculturalism, international trade and business, group and team working
"...stand out firmly for justice, as witnesses to God, even though it be against yourselves, or your parents, or your kin, be he rich or poor" (4:135)	Non-discriminatory treatment for everyone in the workplace, no scope for cover-up, encouragement and protection for 'whistle blowers'. Equal treatment for everyone (no special treatment for the rich and for the superiors)
"...if a wicked person brings you some news, inquire into it carefully lest you should harm people in ignorance..." (49:6)	Reliance on accurate information before making decisions and taking actions. Existence of powerful and reliable MIS
<i>Islamic principles based on Hadith</i>	<i>Corresponding modern business practices</i>
"He who cheats is not one of us"	Defects of an item are to be disclosed
"God likes that when someone does anything, it must be done perfectly well."	Excellence and quality of work, no scope for negligent behaviour
"Don't outbid one another in order to raise the price,... Don't enter into a transaction when others have already entered into that transaction"	No artificial price increase, fairness in contract negotiation
"Whoever takes money of the people with the intention of repaying it, God will repay it on his behalf (should he fail to do so); and whoever takes it in order to spoil it, then God will spoil him."	Need for fair play. No deception or plundering with public money.
"One who employs a labourer and takes full work from him but does not pay him for his labour shall face God's wrath in the day of Judgment"	A fair wage for a fair day's labour.

Source: Based on Uddin (2003, pp.29–30)

3.9 Success and rewards

Entrepreneurs are well-known for having faith in their abilities and skills and based on this, they strongly believe that will succeed in their business initiatives and activities. Allah S.W.T promised that this kind of people will be under his protection – “God is the protector of those who have faith: from depths of darkness He leads them forth into light” (The Holy Qur’an, 2:257). Hassan and Hippler (2014) noted that in Islamic entrepreneurship and business, “success is measured not only by personal financial success, but also by how well religious goals are achieved, which may provide the entrepreneur with rewards in the afterlife” (p.172). With regards to this, Allah S.W.T says: “There are men who say: ‘Our Lord! give us (thy bounties) in this world!’ but they will have no portion in the hereafter. And there are men who say: ‘Our Lord! give us good in this world and good in the Hereafter and defend us from the torment on the fire!’ To these will be allotted what they have earned and God is quick in account” (The Holy Qur’an, 2:200–202).

3.10 Environment

Becker (1956) suggested that some people considered entrepreneurship to be an unholy occupation. Empirically, Gadgil (1959) found that Muslims, Christians, and Jews were the chief traders of Kerala, in South India, where Hindus were engaged in other activities; clearly, the lack of entrepreneurship among the dominant group created opportunity for minorities.

In a study of Laos, where Lao men refrain from entrepreneurship for religious reasons, Dana concluded, “This has resulted in numerous opportunities both for foreign entrepreneurs and for Lao women who are socially marginal in their society...This suggests that acting on an entrepreneurial opportunity is culture-bound” (1995b, p.101).

We wish to emphasise that while an entrepreneur is culturally-influenced from within, opportunity for entrepreneurship is also affected by the entrepreneurial acts of others, or the lack of entrepreneurship among others. In other words, the entrepreneur does not function in a vacuum; he/she reacts to the environment, including the culture of a host society. Entrepreneurship can be influenced by social structure, such as stratification, and by social blockage or government policy of a host society (Dana, 1997).

4 Conclusions and future research directions

The role of Islamic entrepreneurship and business is going to become increasingly important as the world continues to globalise and innovative activity is encouraged. Whilst the religion of Islam is commonly discussed in the global media there exists little understanding in the entrepreneurship literature about how the approach of Islam affects business development. This paper adds to the entrepreneurship field particularly in the context of religion entrepreneurship and new venture creation by discussing the reasons why an understanding of Islamic entrepreneurship is important. This means that this paper will help scholars interested in entrepreneurship understand from a different perspective how Islam and business combine.

Islamic business is an interesting cultural and economic contribution to the field of entrepreneurship and small business development. Entrepreneurship has been a focal

point of interest for Islamic businesses in the current global economic environment. Taking into consideration the role of religion in entrepreneurship it is important to business development particularly in countries with Islamic communities but also for individuals trading and doing business with diverse societies. This paper contributes to the topical issue of Islamic business by encouraging more research and discussion about entrepreneurship and small business.

Future research might examine whether social capital influences Islamic entrepreneurship and opportunity recognition. This would be helpful in identifying entrepreneurial policies that foster long term cultural sustainability in Islamic societies. Other research avenues include to investigate the how and why of religious-based entrepreneurship in influencing sustainable regional development of Islamic communities around the world. More support might be needed in relation to building religious values into the venture creation process in order to meet the needs of Islamic communities. The focus of this research is likely to be on building the confidence of Islamic entrepreneurs and helping them to overcome perceived barriers in the international marketplace. This means that there is a need for entrepreneurial mentoring assistance and advising services to Islamic communities. More attention should also be placed on how to deliver entrepreneurial training assistance to Islamic entrepreneurs that incorporates religious beliefs with business opportunities. Future research should focus on exploring best practice examples of business venture creation by Islamic entrepreneurs and communities with lessons learnt by existing entrepreneurs to foster better governmental policy frameworks.

Considering that the interest on Islamic entrepreneurship and business as a specific context is raising day by day, we would like to suggest the following topics for further research:

- how much Muslim entrepreneurs take into consideration the Islamic principles towards entrepreneurship and business practice in Islamic countries
- which are the main challenges of Muslim entrepreneurs in non-Islamic countries
- how they collaborate with entrepreneurs of the other religions
- how they collaborate with Muslim and non-Muslim female entrepreneurs.

We assume that the proposed topics will contribute to gain a clearer picture on Islamic entrepreneurship and business and provide useful direction of treating this context from the perspective of the modern business practices.

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