

ISLAMIC BUSINESS MODEL [IBM]

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OUTLINE

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- 3. Ethics in production
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- 5. Ethics in marketing
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- 7. Enforcement mechanism

1. Introduction & Methodology

a. What makes it Islamic?

- Islam = peace through submission to Allah
- Peace with Allah, self and creation of Allah
 - ▼ Including business dealings
- Submission is trusting and complete
 - ▼ Deen = way of living [not only religion]

1. Introduction & Methodology

b. Sources of “Islamicity”?

- Primary sources
 - ▼ The Qur’an
 - ▼ Hadeeth/Sunnah
- Secondary sources [involve *Ijtihad*]
 - ▼ Effort to solve new problems guided by primary texts & objectives of Islamic law
 - ▼ Fallible, debatable & changeable

1. Introduction & Methodology

c. Ijtihad & Islamic world view

- Centered in *Tawheed*
- Human dignity [32:6-9,17:70]
 - ▾ Business, science & technology: who serves whom?
- Life = test in trusteeship [51:56, 2:30, 67:2]
 - ▾ Resources = tools of fulfilling the trust [45:13]
 - ▾ Accountability for choices
 - ▾ Longer time scale in decision making

2. Ethical Anchor of IBM

- Ethics: @the core of being a “Muslim”
 - ▾ “I was not sent except to perfect moral characters” [Prophet Muhammad]
- Faith , moral behavior & righteous action
- Worship & piety: no ritualism/formalism
 - ▾ Serve in part as “moral drill
- Worshipping Allah in business dealings

3. Ethics in Production

- OK to seek bounties of Allah
- Work may be an act of worship
- Entitlement to reward commensurate w/effort
 - ▾ reward in the hereafter too
- Allah enjoins excellence [*Ihsan*] in everything
- Common contemporary problems
 - ▾ Child labor, slave labor, sweat shops

3. Ethics in Production Restrictions & Boundaries

- No unlawful products [e.g.. intoxicants]
- Reduction of idle resources
 - ▾ Example: land use in Islamic Law
- Prevent harm or compensate for it
- Common contemporary problems
 - ▾ environmental damage/pollution
 - ▾ Disposal of dangerous waste

4. Ethics in Consumption

- No unlawful consumption
 - ▾ Example: Intoxicants
- No restriction of lawful consumption
- Moderation
 - ▾ In spending & consumption
 - ▾ Implications for resource allocation

5. Ethics in Marketing

- No cheating & deception
- No hiding of product defects
- No unfair competition
 - ▾ Unrestricted monopoly [esp. in foodstuff]
 - ▾ Prevention of free flow of info. in the market
 - ▾ Unethical luring of customers
 - ▾ Bribery [BFP; business facilitation payment] !

6. Riba and IBM

- Both usury & interest are prohibited
- Joint ventures & profit sharing are OK
- Emerging Islamic substitutes
 - ▼ Islamic banks
 - ▼ Islamic “windows” in other banks
 - ▼ Islamic co-operative housing
 - ▼ Other arrangements

7. Enforcement Mechanisms

- Individual moral conscious
 - ▼ Ultimate responsibility before Allah
- Positive social values & norms
- Government intervention
 - ▼ Balancing freedom & public interest

Conclusions

- IBM = part of Islamic world view
 - World view is based on basic convictions
 - ▾ Allah: Oneness, mercy, sovereignty, love...
 - ▾ The human: nature, role on earth & account'y
 - ▾ The world: harnessing resources within the terms of trusteeship [including sustainability]
 - Common grounds with other communities
- Wassalamu `Alaikum WW