

Islamic Entrepreneuership

DIB 2443

Chapter 1 : Introduction

Learning Outcomes

- ☐ Student will be able to define Islamic Entrepreneurship
- ☐ Comparison between conventional and Islamic entrepreneurship
- ☐ Characteristics of an Islamic entrepreneurship
- ☐ Principles of Islamic entrepreneurship

Define Islamic Entrepreneurship

- Muslim entrepreneurs are defined as entrepreneurs who always act in accordance with Islamic principles and values.
- In other words, he can be considered a person who invests not only in making economic, social and environmental meaning, but beyond that in seeking gifts from Allah.

Comparison between conventional and Islamic entrepreneurship

Conventional	Islamic
<ul style="list-style-type: none">• A <u>process</u> of arranging something <u>different</u> with value.• Any relevant answer and example	<ul style="list-style-type: none">• Whose <u>operations</u> are guided by the Islamic principles of <u>Shari'ah</u>.• Any relevant answer and example
<ul style="list-style-type: none">• Devoting the necessary <u>time and effort</u>, assuming the accompanying <u>financial</u>, psychological and <u>social</u> risk. Any relevant answer and example	<ul style="list-style-type: none">• Equipped <u>knowledge</u> of fardhuain.• Any relevant answer and example
<ul style="list-style-type: none">• Results in <u>monetary</u> and personal <u>satisfaction</u>.•	<ul style="list-style-type: none">• Ethic or <u>akhlaq</u> practice by entrepreneur.• Any relevant answer and example

Characteristics of an Islamic entrepreneurship

- Knowledge
- Niyyah (intention)
- Remembrance of Allah
- Avoidance of Syubhah
- Prohibition elements
- Priorities

Principles of Islamic entrepreneurship

1. Entrepreneurship is a part of *ibadah* and *jihad*. Entrepreneurial activities must therefore be morally acceptable.
2. The objective of production is to fulfill human needs as well as the needs of the Islamic *ummah*. Only *halal* goods can therefore be produced.
3. Islam recognizes the maxim "no risk, no gain". So profit is allowed. However, profits attained must not be invested or saved in conventional financial institutions that practice *riba*.
4. Interest in loan or borrowing is considered *riba* and forbidden in Islam. So is loan with profit, or additional payment that is stipulated in the contract of the loan. *Mudharabah* and *musyarakah* or *syirkah* contracts are the best alternatives to avoid *riba*.
5. *Gharar* or uncertainty is an element that is prohibited by Islam. Also disallowed is monopolistic behavior.
6. Utilising new technology is allowed in business as long as there is more *manafaah* than *mudarah* (more benefit than harm).