

ISLAMIC ENTREPRENEURSHIP (DIB2443)

CHAPTER 2: DEVELOPMENT AND THE ISLAMIC ENTREPRENEURSHIP

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Learning Outcome

- Concept of development
- Approaches to development
- New economic view
- Islamic perspective of development



What is development?

- **Development** can be defined as bringing about social change that allows people to achieve their human potential.
- **Entrepreneurship development** is the process of improving the skills and knowledge of entrepreneurs through various training and classroom programs. The whole point of entrepreneurship development is to increase the number of entrepreneurs.
- Another **important point** is that development is a **process** rather than an **outcome**: it is dynamic in that it involves a change from one state or condition to another.

Conventional Approaches to Economic Development

- Qualitative Approaches
 - A qualitative “approach” is **a general way of thinking about conducting qualitative research.**
- Evolutionary Approaches
 - An evolutionary approach to behaviour involves **an analysis of particular recurrent problems faced by the members of a given species and a search across species** for correlations between common behaviours and common environmental conditions.
- Futuristic Approaches
 - **Imagining, envisioning, projecting and/or predicting what has not been realized.** Futuristic thinkers have the ability to look past the events of today and into the possibilities of tomorrow.
- Environmental Approaches
 - the direction in social work, emphasizing the adaptive and reciprocal interaction of people with their environment.
- Direct attack Approaches
 - Such a strategy may entail comparisons to competing products or companies that are unflattering, a price war, or even a competition as to who can introduce new product features at a faster pace.



The New Economic View of Development

- This new approach is popularly known as **Sen's Capabilities Approach**.
 - development is not just about increasing the availability of commodities but expanding the capabilities of individuals to use these commodities and enhancing the freedom of choice of people.
- **Core value development;**
 - **Sustenance** - Sustenance is the ability to meet basic needs of people. All people have certain basic needs without which life would be impossible. These basic needs include food, shelter, health, and protection. People should have access to these basic needs.
 - **Self-esteem** - Sense of worth and self-respect and feeling of not being marginalized are extremely important for individual's well being.
 - **Freedom** - Human freedom, the ability to choose, is essential for the well being of individuals. Freedom involves an expanded range of choices for societies: economic and political.



Social Indicators as Alternative Measures of Development

- **Normative welfare indicator**

- focus on direct measures of welfare and are subject to the interpretation that if they change in the right direction while other things remain equal things have gotten better or people are better off

- **Descriptive indicator**

- indexes of social conditions (i.e. contexts of human existence) and changes therein for various segments of a population.

- **Satisfaction indicator**

- measure psychological satisfaction, happiness, and life fulfillment by using survey research instruments that ascertain the subjective reality in which people live; and the most inclusive category



The Islamic Perspectives of Development

- Economic development has been a neglected area in Islamic economics
- The point of reference has been a seminal paper by Khurshid Ahmed that was presented at the First International Conference on Islamic economics held in Makkah in 1973.

Development in Islamic Perspective-1

- Khurshid Ahmed starts with the concept of development and reiterates its holistic nature.
- He emphasizes that Islamic concept of development is based on four Islamic notions:
 1. Tawheed: Oneness of God
 2. Rububiyah: Divine Providence
 3. Khilafah: Man is God Vice gerant on Earth
 - Tazkiyah: Purification and Growth
- The main criterion on which Development as a human experience, must be evaluated is that what it does to lives of people.

Islamic Strategies of Development

- Khurshid Ahmed then identifies an Islamic strategy to Development
- Can there be “an Islamic strategy of development?”
- Or there could be several “Islamic” Strategies of development.
- Apparently different authors have suggested different strategies. Khurshid Ahmed, Chapra, Siddiqi, M. A. Mannan



Islamic Strategies of Development -1[Contnd.]

- Most of suggested Strategies are nothing but “tall orders” requiring far reaching changes in the political and economic structures.
- Till such time that these changes occur, these strategies constitute mere “academic exercises”.



Development and Islamic Economics

- Development has remained a neglected area for too long.
- Lately researchers in the area have turned their attention to it.
- Publication of scholarly articles and books, organization on seminars, conferences and symposia etc. are different manifestations of this interest.

Islamic Values and Development Values

- Rational approach, self interest, sanctity of private property, profit motive, negation of parochial approaches are identified as some of the development values.
- Islam emphasizes a universal and human approach in all matters concerning human beings. It enjoins justice and fairness in human dealings. It encourages rational enquiry and freedom of action.

Lessons from History

- 1. Scientific Revolution
- 2. Increases in productivity per worker
- 3. Role of institutions and policies
- Some Muslim countries have shown dynamism in the recent past establishing new development institutions. **Tabung Haji in Malaysia** and **Grameen Bank in Bangladesh** may be cited as examples.



Towards an Islamic Strategy of Development in Muslim Countries

- Desirability of Development
- Ingredients of an Islamic strategy
 - Application of modern science and technology
 - Investment in Human capital
 - Balance between Market and State
 - Role of Islamic institutions



Institutional Development in Muslim Countries

- Islamic Financial Institutions
- Zakah Institutions
- Awqaf Institutions
- Islamic Institutions and Resource mobilization



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