ISLAMIC BUSINESS MODEL
[IBM]

Jamal A. Badawi
Saint Mary’s University

OUTLINE
• 1. Introduction & Methodology
• 2. Ethical Anchor
• 3. Ethics in production
• 4. Ethics in consumption
• 5. Ethics in marketing
• 6. Riba and IBM
• 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]

   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. Ijtihaad & 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