

Entrepreneurship According to The Hadeeth

Azizah Abdullah*, Shuhairimi Abdullah, Abdul Jalil Ramli

School of Human Development and Techno-communication, University Malaysia Perlis,
Kompleks Pusat Pengajian Jejawi, 02600, Jejawi, Perlis, Malaysia.

Abstract: Entrepreneurship is an example of economic activities with great influence in muslim societies in the world from the beginning of the emergence of Islam in the Arabia. Entrepreneurial qualities of the Rasulullah PBUH are the key example of great entrepreneurial leadership that must be followed by muslims. This paper presents the study of the exemplary entrepreneurial qualities of the prophet Muhammad PBUH.

Key words: *entrepreneurship, Islamic entrepreneurship, Muhammad, Rasulullah,*

INTRODUCTION

Muhammad PBUH is an example of a great entrepreneur, whereby before he become the messenger, he already portrayed a significant entrepreneurial leadership for 25 years. Most importantly, throughout the period he continuously proven to be very successful [1]. Afzalurrahman [2] states in his report that throughout Muhammad (PBUH)'s long business endeavor of 25 years, there is no record of losses or failure.

It is well accepted that Muhammad PBUH is very intelligent in doing business and his honesty and truthfulness in his business makes him the most trustworthy person in his community. With that great attributes, every rich person, businessman and businesswomen of that time happily enjoy doing business with him and collaborate in joint ventures. As an example, Khadijah, a very successful businesswomen of his community marries Muhammad PBUH due to his exemplary business ethics and leadership. This business and entrepreneurship leadership examples by the Rasulullah also emphasize the importance of entrepreneurship as one of the key economic activities for the muslims. It also highlights that business and entrepreneurship must be considered as a high potential income generation activity and that it part of Islam itself. Entrepreneurship must be seen as an example of ibadah or devotion to Allah [3]. However, after becoming the last messenger of God, Muhammad PBUH concentrates to preach the teachings of Islam from the Quran [2].

Nevertheless, Rasulullah continues to encourage the muslims to be entrepreneurs. His encouragement comes in his words or hadeeth "*Sincere and truthful taders will be with the prophets and the matyrs.*" (Narrated by Tirmidzi).

Muhammad PBUH also prevents his companions such as Abdurrahman bin Auf and Usman bin Affan from quitting business. It is also proven as after the successful development of the Nabawi Mosque, the prophet continues with the set up of the market *Suqul anshar*, the market of Madinah, that runs totally following the Islamic teachings.

Muhammad PBUH gives the example and complete Islamic teachings for running businesses. He is the example successful businessman, he is also the number one leader of the muslim nation, the caliph. For that reason, the business concepts, ethics and rules introduced by Islam through Muhammad PBUH should be documented and reproduced as an example for the benefit of the whole people of the world .

LITERATURE

Recently, there is a confusion about the concepts of business in Islam. There are interests towards limiting the concept only to cover the aspects of banking and finance, and some are more inclined towards *fiqh al muamalah*. The limitation introduced causes the narrowing of the scopes of operation.

It is doctrinal that in Islamic thought, all activities must be performed with the intention to uphold the believes of Islamic *Tauhid*, so that all business activities must be fully adhere to the teaching of islam. The Islamic business, as opposed to the conventional ones, exhibit many differences. These includes self-interest versus *huquq*, utility versus *maslahah*, and rationality versus *taqwa*.

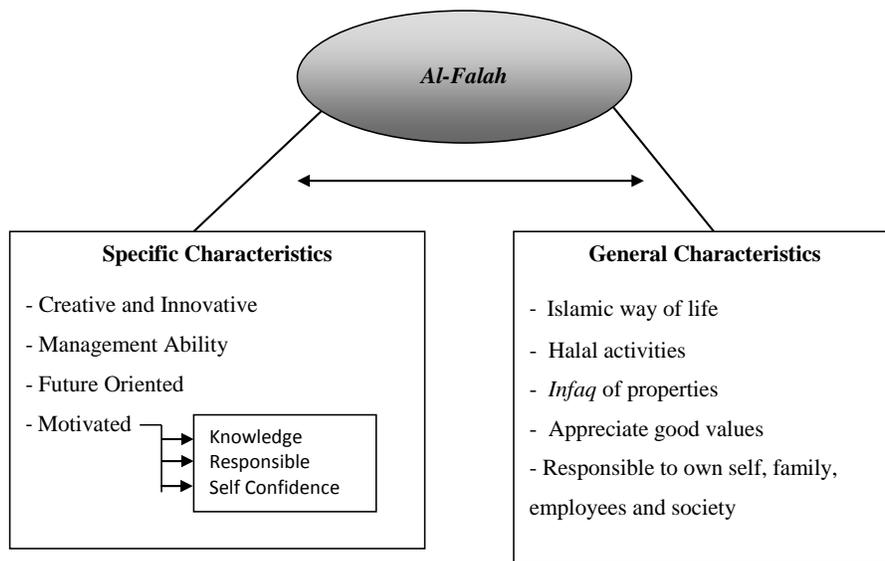
In the aspect of epistemology, *tauhid* becomes the core concept and the main philosophy in deriving the Islamic entrepreneurship principles. On the other hand, the conventional entrepreneurship is based on rationalism and empirical, which means it is based on rationality and experience. In short, Islamic business is based on the Islamic teachings or in other word, the *Syariah*, as stated in the *Quran* and the *Sunnah*.

As there is real big difference between the conventional entrepreneurship and Islamic entrepreneurship, it is very critical and of great

importance to develop the Islamic entrepreneurial model that is really based on the example of Muhammad PBUH. This entrepreneurship model must be developed based on the contents of the Quran, the hadeeth and also the practice of Rasulullah and his close companions. Shuhairimi [4] stated in his report that an entrepreneur must have the qualities as depicted in Figure 1.

The main idea of entrepreneurship as in the report is for the entrepreneur to be successful in life according to the Islamic teachings, or *Al-Falah*. Undoubtedly, this is among the mostly heard word among the muslims. The five times call for prayers everyday mentions the term *Al-Falah*, the ultimate success within the definition of Islam.

In another development, a research on Islamic entrepreneurship as reported by Ramadani [5] suggested that the hadeeth is considered as the 'advice and practice' for entrepreneur application as depicted in Figure 2.



Sources: Successful Entrepreneur Research

Fig 1 Entrepreneurial Characteristics (Shuhairimi [4])

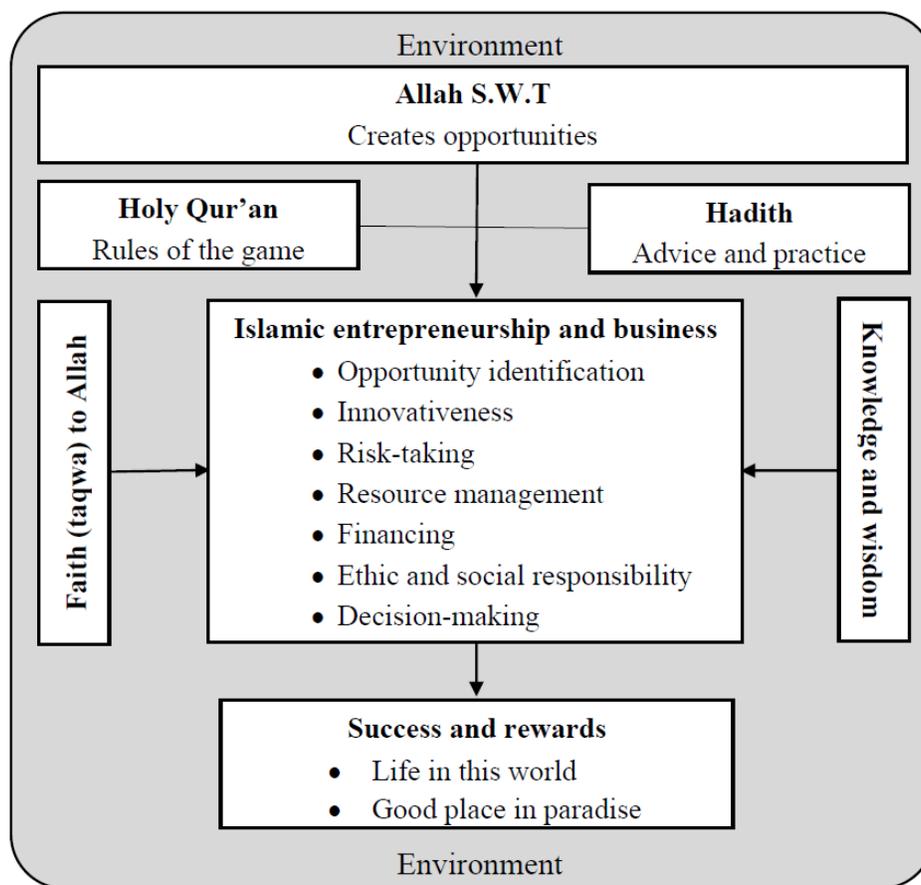


Fig 2 Entrepreneurial Environment (Ramadani, [8])

METHODOLOGY

This is a descriptive research plan with a qualitative approach. Actual information is collected in detail inclusive of identification of point of interest followed by comparison of arguments and proof which will further be evaluated. The collected data will be arranged in categories, clarified and thus analyzed.

Library research is also used with the Quran and the Hadeeth as the core resource element. The other reference includes the Quranic *tafseer*, the books authored by the Islamic scholars and the *imams* of the *mazhabs*, the books of *seerah nabawiyah* and the other academic research publications available in the world.

The main sources of hadeeth are mostly from the established muslim scholars entitled Sunan Ibn Majah, Sahih Bukhari, Sunan At-Tarmizi, Sunan Abu Daud, Sahih Muslim dan Sahih Nasa'i. The flow of research for conceptualization of Islamic Entrepreneurship based on the hadeeth is following the flow as depicted in Figure 3 which begins with the study of all the above sources of hadeeth then followed by the study of general entrepreneurship concepts as practiced by the current modern society.

The mix of the understanding resulted from both earlier steps then are used to produce the hypothesis which blends together the hadeeth and modern entrepreneurship concepts with elimination of elements not aligned to the hadeeth. The final Islamic Entrepreneurship concepts can then be deduced in the final step.

ENTREPRENEURIAL HADEETH

Prophet Muhammad (PBUH) successfully guided the Muslims to perform their daily business and economic activities.

Prophet Muhammad (PBUH) laid down the ultimate principles of Islamic entrepreneurship and socioeconomic prosperity for the muslim community and the multicultural multi-ethnic and multifaith nation he led. He said,

“God will show compassion to those who show kindness while buying, selling and recovering debts.” (Narrated by Bukhari).

On another occasion, he said,

“The best products are the products of the traders/entrepreneurs who never cheat when he speaks, who never betray when given the trust, who never break when promises, who never insult when buying, who never overprice when selling, who never delay in paying back loans, and when collecting repayment of loans, he never overpressure those in difficulties (Narrated by Al-Baihaqi)

It is very interesting to note that the impact from the study of hadeeth on business ethics can be seen partly as in the below Table 1 as elaborated by Ramadani [5].

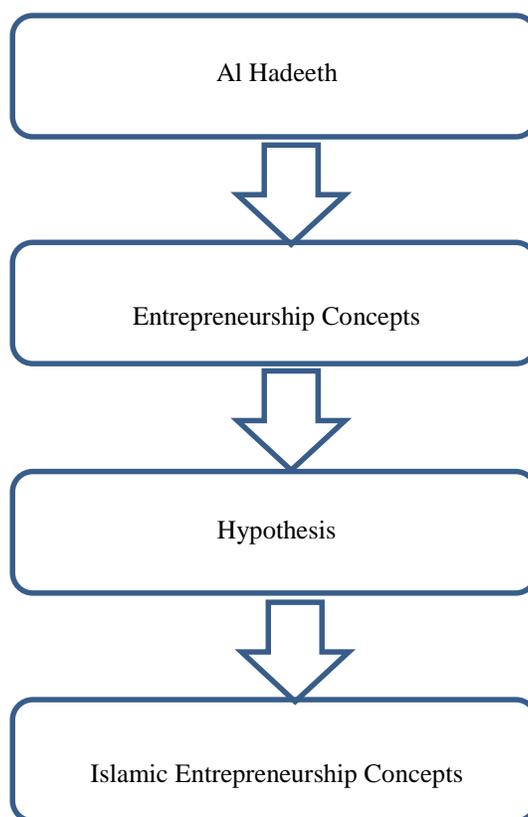


Fig. 3 Process Flow for Conceptualization of Hadeeth Based Islamic Entrepreneurship

Table 1 Comparison of Hadeeth and the Business Practices (Ramadani, [5])

	Islamic principles based on Hadith	Corresponding modern business practices
1	“He who cheats is not one of us”	Defects of an item are to be disclosed
2	“God likes that when someone does anything, it must be done perfectly well.”	Excellence and quality of work, no scope for negligent behaviour
3	“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
4	“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.
5	“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: Ramadani [5]

Table 2 Islamic Entrepreneurship Principles and the Related Hadeeth

	Core Islamic Entrepreneurship Principles	Proof in Al Hadeeth (Narrated by)
1	Tauhid: It requires that the entrepreneur is wholeheartedly believe that the ‘Rezq’ is from Allah and that the effort of entrepreneurial activities are also ‘Ibadah’ to Allah	The best efforts are all business activities that are allowed by Allah (Tirmizi and Abu Daud)
2	Honesty: Entrepreneurs must always be honest throughout all their transactional activities.	It is not allowed that any muslim to sell anything that are defective unless the defects are clearly explained (Al-Quzwani)
3	Social Justice: In the wealth owned by rich people there is always a portion belongs to the poor and these must be given to the poor through Zakat or Sadaqah	If the community is not paying Zakat, Allah will test them with years of drought and hunger (Thabrani)
4	Free Will: Transactions must be performed based on individual preference at both sides and can involve anyone as long as the Syara’ is observed	The transactions are accepted only if both parties are happy with it (Tarmizi)
5	Responsibility: The rights of the workers and consumers must be fulfilled.	Pay the salary or workers right on time (Ibnu Majah) It is not allowed that any muslim to sell anything that are defective unless the defects are clearly explained (Al-Quzwani)
6	Equilibrium: The price must be set according to the market	Allah is the one who set the price, to block or to release the Rezq (Ahmad)
7	Truthfulness: Must be performed in accordance to Islamic rules	Every activity relies on the intention (Bukhari and Muslim)
8	Helpfulness: Entrepreneurial activities must be based on mutual support of both parties to ensure smooth and easy transactions	Allah helps his servants as long as the servants are helpful to each other (Muslim)

Source: Suwandi et al. [6]

CONCLUSION

This very critical and interesting research will identify the list of characters of a successful entrepreneur according to the hadeeth, which will surely include honesty, trustworthy, fairness, politeness and kindness to the people. The transactions must also be in the win-win situation, free of interest or *Riba*, not involving prohibited or *Haram* products and must be able to be replaced if broken. *Ikhtisar* is also prohibited in Islam. The research also concludes the fact that muslim entrepreneurs must adhere to the fair trade policy in the price competition, salary payment to workers must be fair and timely, must accept profit even a very low margins, documentation of all contracts and be grateful to Allah and be responsible to the people at large by contributing to the tithe and donations.

The concept of Al-Falah is not solely to gain profit in this worldly life, but rather to help solve the problem and the needs of the people in the community and most importantly is to be successful in the Akhirat, or the hereafter.

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