

THE SPECIFICS OF ENTREPRENEURSHIPS IN ISLAMIC COUNTRIES

Abstract

Role of Islam in the entrepreneurial activities has been widely criticized, to the extent that it is believed Islam as a religion, is not a promoter but an obstacle in expanding entrepreneurships. This paper aims to manifest the similarities and differences between the western concept of entrepreneurial activities and Islamic perspective, in an attempt to lessen misconceptions. This research heavily relies on two sources of information, the first source will be a thorough study of existing literature in the field and the second will be extensive interviews with entrepreneurs that operate within Islamic countries. It will focus on the motivation behind entrepreneurial activities in Islam and western legal systems. Special attention will be given to codified and uncoded laws that influence human behavior. Moreover, there have been only a handful of research conducted in this field, that opens a gap for manipulation of people's outlook on Islam and entrepreneurship. Especially in relation to women's entrepreneurships, Islam has been falsely interpreted to exclude women from the economic sphere. This research aims to manifest the role of women entrepreneurs in Islam by citing women's economic activities in the age of the prophet Mohammed (583-632 CE), that can be a basis of promotion rather than exclusion of women in economic spheres of Islamic countries.

Keywords: women entrepreneurship, Islamic laws, uncoded laws, Islamic perspective, Islamic countries.

Throughout history, people with different cultural beliefs and religious values have viewed entrepreneurial behavior with varying degrees of legitimacy (Dana, 2010).

Any entrepreneurial activity at first depends on the visualization of that venture by the entrepreneur then by the audience that he/she is trying to target. In both cases success or failure of entrepreneurships depend on the frame of mind of the people involved in the entrepreneurial cycle and religion has massive impact on it. 84 % of the world's population identifies with a religious group (Reuters, 2012). Members of this demographic are generally younger and produce more children than those who have no religious affiliation, so the world is getting more religious, not less – although there are significant geographical variations (S. Harriet, 2018).

At the individual level of analysis, a direct connection is beginning to emerge on the role of religion in entrepreneurial behavior (Dana, 2010; Davis, 2010). Regardless of whether a person is religious, it can be argued that individuals are influenced by cultural values propagated by religions (Inglehart and Baker, 2000; Fam et al., 2004). As suggested by Anderson et al. (2000), it seems reasonable to assume that religion has an impact upon the legitimization of enterprise, despite secularization.

Furthermore, according to the Guardian, Islam is the fastest growing religion in the world with a forecast of 70 % growth that is twice as fast as the overall world population. There are almost 2 billion Muslims living in 57 states across the world. The Middle East and Africa region boast one of the world's youngest populations, with 67 % of the population under the age of 30 as compared to 48.8 % in Asia and 35 % in Europe (EuromonitorInternational, 2012). Thus, it is important to monitor Islamic entrepreneurships and find a common ground with it is western model for economic growth.

Islamic model and Western model

There is a common myth that entrepreneurial activities are discouraged within the umbrella of Islam. Based on the interpretations of Mohammed Akram Khan an Islamic scholar and founder of first Bengali newspaper from Bangladesh, Human beings are responsible to fulfill their needs by utilizing the resources available to them on earth by God. That makes entrepreneurship a suitable and preferred economic behavioral model for Muslims because entrepreneurship itself is pursue of opportunities for the sake of value creation.

There are many other verses in Quran that confirms Khan's stance as entrepreneurship being desirable in Islam, Such as:

“...On earth will be your dwelling place and your means of livelihood for a time.” (Qur’an 2:36)

“...to men is allotted what they earn, and to women what they earn. But ask God of His bounty, for God has full knowledge of all things.” (Qur’an 4:32)

From the verses above it is transparent that as a Muslim, one is expected to work and seek economic prosperity. Islam promotes active lives not only for the sake of individual but for the sake of community and God itself. Though one should follow Muslim work ethics while conducting business. Entrepreneurial activities are persuaded in both western and Islamic societies (Nargis Shahi, Entrepreneur, personal communication, 2021). Now I would like to compare some Islamic laws and International laws regarding entrepreneurial activities. It is important to mention that most of the differences between Islamic entrepreneurship and western entrepreneurship is the lack of separation of religion and business activity in an Islamic economic system. Moreover, the applicability of Islamic laws depends on how much it is integrated into the commercial laws of the country.

Shariah law should be differentiated from the state law of a Muslim majority Jurisdiction. Some countries do have a provision in the constitution that Shariah law is the source of all other laws or integrate shariah law into the statutes. But it is distinct from shariah being the law. The one exception is Saudi Arabia, where the Shariah is the law, but even there it is supplemented by numerous ‘regulations’ enacted by the government (N. Foster, 2006).

First and foremost, requirement for Muslim entrepreneurs is that they must engage in business ventures with a desire to engage in an activity that pleases Allah and the community. Therefore, ventures that include tasks that are not allowed under Shariah law are not performed by Muslim entrepreneurs. While some economic activities, like those involving illegal drugs and prostitution are also prohibited by Western laws, others, such as those dealing with alcohol, gambling, usury, speculation, etc. are often undertaken by Western entrepreneurs, but are strictly prohibited by Sharia law, and, thus, should not be pursued by Islamic entrepreneurs (Hassan&Hippler, 2011).

Another key distinction between Islamic and western entrepreneurship practices stems from ideological differences with regards to the use of money and the ideal distribution of wealth. In Islamic economies, money serves a slightly different purpose than that in Western economies. In Islam, economic transactions are only valuable and permitted if they involve or facilitate the transfer of real goods and services that satisfy the needs of society. Money is accepted as a medium of exchange but the trade of money itself is not encouraged.

Transactions that involve the trading of money as a commodity or the trading of monetary goods without a connection to a real asset is prohibited by Sharia and thus are not pursued by Islamic entrepreneurs. Though it is important to mention that most of the shariah laws are not codified or are not part of the state’s legal structure and are not followed by the entrepreneurs.

Furthermore, Sharia laws and Islamic practices forbid Muslims from being involved in practices that demand extreme amounts of risk, uncertainty, and speculation. As a result, the religious beliefs of Muslim entrepreneurs guide them to reject economic activities that involve excessive amounts of uncertainty and avoid trading in assets of an overly risky nature, such as speculation on commodities or other forms of derivatives (Hassan&Hippler,2011). This trait of Islamic entrepreneurship can be a hindrance since risk taking is considered to be of vital importance in becoming a successful entrepreneur. As it is stated “Successful entrepreneurship involves taking risks. If you don’t embrace risk-taking, you may want to rethink being a business owner” (H. Genever, 2020).

Other considerable feature of Islamic entrepreneurship is that usury and interest is not allowed in Islamic economies. The Islamic economy is often referred to as an “interest-free economy,” although it is considered to be a hurdle into merging the two type of economic systems (western and Islamic economic systems) but Islam purposes alternatives to interest that will be discussed in the below section.

Moreover, there is massive difference in the financing of business ventures under Islamic and western constituencies. In Western economies, entrepreneurs face two main financial mechanisms for realizing their economic opportunities: debt and equity. In particular, for smaller-scale projects,

where the entrepreneur does not have the connections necessary to gain equity financing, debt agreements in the form of small business loans are commonly employed (Hassan&Hippler, 2011). In Islamic economies, however, the prohibition of interest precludes the use of this popular Western method of finance. As a result, Islamic economies have had to develop alternative means of entrepreneurial financing (Hassan&Hippler, 2011).

Debt financing is prohibited in Islamic entrepreneurship as an alternative to debt financing, Islamic economies have developed arrangements that aim to provide capital to Muslim entrepreneurs in a more equitable manner, as well as to position the motives of the entrepreneur and the lender in a coordinative manner. Two such arrangements, *mudarabah* and *musharakah*, are essentially profit-sharing agreements (Hassan&Hippler, 2011).

Under these agreements, the entrepreneur can borrow money from a financial institution, but instead of interest payments the financial institution receives a predetermined share of the profits (or losses). Under a *mudarabah* relationship, the financial institution typically supplies all the capital needed, and the entrepreneur is charged with providing his or her expertise in carrying out the venture. *Musharakah* is a similar relationship; however, under this arrangement, the entrepreneur typically supplies some capital as well. *Musharakah* tends to be the financing mechanism preferred by most financial institutions, because it most aligns the interests of the lender and the entrepreneur (Hassan&Hippler, 2011).

Both Western and Islamic economies provide significant incentives for engaging in entrepreneurial activities. However, there are few traits between the two systems that may drive the differences in their respective entrepreneurial output. But there is always room for interpretation under the Islamic Laws. Especially, the concept of *Ijtihad* which means 'independent judgment in a legal or theological question, based on the interpretation and application of the 4 [sources of the shari'a], as opposed to *taqlid* [following established rules and doctrine]' (Foster.N, 2006). In simple words, it allows Muslims to interpret the Koran and Sunnah in a way to be compatible with the modern conditions, but it should be prosecuted by someone who has deep knowledge of Shariah and is called *Mujtahid*. It is possible to merge the two system of entrepreneurship if there is enough commitment.

Women Entrepreneurs in Islam

Positioning of Islam in terms of women entrepreneurs is often debated and often misinterpreted. In Islam gender is not an obstacle in the way of women's presence in the economic sector. On the contrary, women are encouraged to conduct business that will lead to societal welfare.

Islam is not alien to the presence of women in business (Bano Sadat, Entrepreneur, Personal Communication, 2021). Long before the glory of Islam, there were many women active in the economic sector. An example is RA Khadija, wife of the Prophet. Prior to her marriage with the prophet, she was known as a successful businesswoman in her area. She continued to work after her marriage and supported the prophet in many areas including financing his missions. He always sought her advice on the financial and other important matters.

She was born to a successful merchant father and took over the business after her father's death. At that time gender roles were harsher than today, but she managed to conduct the most successful business of that time in her region. Khadija is a role model to all Muslim women and her entrepreneurial spirit is commendable. Thus, Islam doesn't prevent women from seeking active lives or being involved in economic sphere.

Conclusion

Entrepreneurial activities are widely influenced by the culture of the entrepreneur and the space that he/she operates, and cultures are widely influenced by religions. Furthermore, given the statistics we cannot ignore the effect of Islam as the second fastest growing religion. It is important to decrease misconceptions and find a common ground for the growth of world economy. Islam heavily promotes entrepreneurial activities regardless of gender of the entrepreneur. With few differences there are many common concepts promoted by both western and Islamic entrepreneurs that can lead to prosperity of the world economy.

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ОСОБЕННОСТИ ПРЕДПРИНИМАТЕЛЬСТВА В ИСЛАМСКИХ СТРАНАХ

Аннотация

Роль ислама в предпринимательской деятельности подвергается широкой критике, поскольку считается, что ислам как религия является не пропагандистом, а препятствием для расширения предпринимательства. Эта статья направлена на выявление сходства и различий между западной концепцией предпринимательской деятельности и исламской перспективой в попытке уменьшить заблуждения. Это исследование в значительной степени опирается на два источника информации: первый источник будет представлять собой тщательное изучение существующей литературы в данной области, а второй – обширные интервью с предпринимателями, работающими в исламских странах. Он будет сосредоточен на мотивации предпринимательской деятельности в исламе и западных правовых системах. Особое внимание будет уделено кодифицированным и некодифицированным законам, влияющим на поведение человека. Более того, было проведено лишь несколько исследований в этой области, что создает пробел для манипулирования взглядами людей на ислам и предпринимательство. Ислам ошибочно истолковывают как исключающий женщин из экономической сферы, особенно в отношении женского предпринимательства. Это исследование направлено на то, чтобы продемонстрировать роль женщин-предпринимателей в исламе, ссылаясь на экономическую деятельность женщин в эпоху пророка Мухаммеда (583–632 гг. Н. Э.), которая может быть основой для продвижения, а не исключения женщин в экономических сферах исламских стран.

Ключевые слова: женское предпринимательство, исламские законы, некодифицированные законы, исламская перспектива, исламские страны.

УДК 339.1

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FEATURES OF ENTERPRENEURIAL ACTIVITIES OF KHL PROFESSIONAL HOCKEY CLUBS

Abstract

The trends in the development of sports in the modern world are such that it has dramatically changed the conditions of its existence and functioning: from a state structure it is rapidly turning into a system of commercial enterprises. This entails a radical revision of the entire ideology of sports, its theoretical and philosophical foundations, views on its history, place and role in culture and on its prospects.

The purpose of the research is to identify the features of entrepreneurial activities of KHL hockey clubs. In the process of writing the article, analytical and comparative methods were used, data from open sources on the problem of research, analysis of the statutory documents of the studied organizations, content analysis of the content of official sites, regulatory documents.

According to the results of the research, the author came to the conclusion that all professional hockey clubs of the KHL, despite the organizational and legal forms, perform two functions at the same time in carrying out their activities: social and economic. Based on the duality of statuses, the features of the entrepreneurial activities of hockey clubs were revealed. Analyzing the economic component, it was concluded that the clubs are at the lowest level of entrepreneurial activity, there is no motivation to increase the effectiveness of the organization, since the basis of the clubs' budgets is revenues from regional budgets and from state-owned companies. Thus, the issue of considering new management models and improving the strategy for the development of entrepreneurship in clubs and the league as a whole is once again raised.

Keywords: entrepreneurship in sports, KHL, hockey club, organizational and legal forms, sources of financing, revenue structure.

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