Editor's Note

What motivates someone to start a business is an important indicator that explains the status and the direction of entrepreneurship in a country. The entrepreneur's motives will lead them to carry out an economic transformation and cause the needed fundamental changes in the cultural, social and economic structure of the country. Their motives also act as guiding instruments for policymakers, allowing them to allocate their resources efficiently, and to identify and target entrepreneurs who are most likely to develop growth-oriented businesses and generate new job opportunities.

The entrepreneur has many different reasons to start their own business. For example, they may seek to earn more money, have an opportunity to be creative, build their social position or increase status, be independent, be self-sufficient, have a comfortable lifestyle, need a job, or even have the fear of unemployment. Researchers have categorized the entrepreneur's motives into a few distinct groups including economic and lifestyle reasons, creativity of small firms, social aspects of being self-employed and small businesses as a means of employment.

Another motive for the entrepreneur to start their own business which has gained acceptance called 'push'/'pull' analysis. (Dean, Meyer, & DeCastro 1993, Granger et al. 1995). Unemployment or the threat of it (Sage 1993) and career dissatisfaction (Brockhaus & Dixon 1986) are considered "push factors" because they tend to push individuals towards self-employment. Central to the 'pull' theory is that entrepreneurs start their own businesses because they are "attracted by the opportunity or the 'pull' of perceived profit" (Storey 1982, p. 110).

Islam endorses entrepreneurship regardless of its being opportunity or necessity driven as long as it stands on moral and ethical grounds and confirms with the Islamic code of conduct. Stimulating entrepreneurship in Western societies is mainly driven by the prospect of material rewards. Islam has nothing against Muslims seeking profit through the creation of, or the engagement in, business ventures. The only condition that must be preserved is the realization that every business undertaking is a form of ibadah intended firstly to please the Almighty Allah. Accordingly, business activities are meant to strengthen the Muslims' faith (iman) by committing them to the remembrance of Allah and attending to His religious duties. "By men whom neither traffic nor merchandise can divert from the remembrance neither of Allah, nor from regular prayer, nor from the practice of regular charity." (Qur'an, 24, 37)

The moral dimension of Islamic entrepreneurship is evidenced by the high standards and the strict guidelines set by Islam to regulate profit accumulation by prohibiting dishonesty, greed, exploitation, and monopoly. The Prophet (PBUH) explained that anyone who stockpiles commodities anticipating an increase in prices with the intention of making an unlawful profit is a sinner. Islam aspires to create high quality Muslim entrepreneurs and productive Islamic entrepreneurship. Thus, Muslim entrepreneurs are permitted and encouraged to be involved only in morally accepted

and socially desirable productive business activities. Activities that involve alcohol, drugs, usury, prostitution, gambling, and highly speculative business behaviour are strictly prohibited, despite the possibility of their economic viability.

Islamic entrepreneurship, however, has other motives which are absent from Western entrepreneurship literature. These include religious and altruistic motives. It is strongly argued that Islam considers entrepreneurship as being fard kifayah on the Muslim ummah; it is a form of worship that brings Muslims closer to fulfilling their religious duties and completing their faith (iman). Moreover, entrepreneurship in Islam is a means by which the Muslim entrepreneurs extend help to their Muslim brothers and participate in the development of the Muslim nation. Entrepreneurship is viewed from a larger perspective and the entrepreneur assumes an altruistic role that goes beyond satisfying his/her immediate needs and personal interest. The "pursuit of self interest" (Smith 1776) and self-centred wealth creation (Say 1816, Schumpeter 1934) are not the primary motives behind Islamic entrepreneurial activity. Altruistic motives override personal considerations and self-interest shall be realized as a natural outcome of advancing the society's common welfare.

Entrepreneurship in Islam is seen as a means of thanking The Almighty Allah for His countless blessings and a way to help others:

> *But seek, with the (wealth) which God has bestowed on thee, the Home of the Hereafter. Nor forget thy portion in this World: but do thou good, as God has been good to thee, and seek not (Occasions for) mischief in the land: For God loves not those who do mischief (Qur'an, 28, 77).*

Numerous Qur'anic verses and Prophet Traditions urge Muslims to give generously in order to promote the spirit of cooperation and spread socio-economic justice among Muslims. It can be argued that starting new businesses with the intention of helping others through the creation of employment opportunities can be considered as a form of giving or spending in the way of The Almighty Allah. Such action warrants the Muslim entrepreneur rewards in the hereafter as well as the satisfaction and potentially high return on his/her investment in this life. In fact, the positive implications of helping fellow Muslims to earn *halal* income far exceed the benefits of giving in a charitable manner.

While the Western system employs material incentives to motivate individuals to undertake entrepreneurial activities, Islam uses moral incentives to motivate its entrepreneurs. Sheikh Odeh (2004) pointed out that although the Muslim entrepreneur is mostly motivated by the divine incentive system, Islam is the only religion and/or system that offer such an incentive while accepting and endorsing all other conventional motives. Muslims are expected to strive with all their physical, financial, moral and intellectual resources to seek the good pleasure of The Almighty Allah. By doing so, Muslims are actually advancing their own cause in this worldly life and in the hereafter. Earning *halal* income and realizing profit through entrepreneurial activities would enable Muslim entrepreneurs to fulfil *ibadat* of a "financial nature" such as giving *Zakah* and charity, while meeting their own and their extended families' needs.

One important issue that must be addressed when developing an entrepreneurial model for success is the compatibility and integration between its cultural and institutional components. The Islamic culture welcomes new businesses, but the entrepreneur still needs an accommodating environment and supporting institutions for their businesses to grow.

The first article, "Agribusiness and Financing Facility in Islam: From the Perspective of Agro Bank, Malaysia," is written by Joni Tamkin Bin Borhan and Muhammad Ridhwan Bin Ab Aziz. The authors examine the agribusiness and financing facilities provided by Agro Bank in Malaysia to agro entrepreneurs in their pursuit of agro projects. They discuss in detail the concept of earning and agribusiness from the Islamic perspective. Islam recognizes people who earn *halal* livelihoods in the agriculture sector, and their efforts are regarded as acts of charity and good deeds. This paper then provides a case study on the facilities of Islamic financing in the agriculture sector provided by the Agro Bank. They conclude that there are various types of financing assistance provided to the agro entrepreneur ranging from small to large-scale enterprises that cover many different kinds of agriculture activities. Hopefully, the Agro Bank will continue to support agro entrepreneurs, and introduce different concepts of *shariah* contracts in their incoming products rather than solely focus on *Bay' Bithaman Ajil* and *Bay' al-Innah* only.

The second article, "Establishing the Need and Suggesting a Strategy to Develop "Profit and Loss Sharing Islamic Banking (PALSIB)," by Shamim Ahmad Siddiqui, argues that although Islamic banking has grown substantially in terms of amount of deposits, they are not significantly different from conventional banks. Siddiqui says that many Muslims do not treat bank interest as *riba*, and points out that many current Islamic banks have also drifted from its ideals and pragmatism has made them more like a conventional bank. The author shows that bank interest does come under *riba* and interest is not inevitable for running a modern banking system. Siddiqui also shows that Islamic banks even after many years of operation still heavily depend on *murabaha* and its variants. The paper gives a number of reasons for this and suggests that efforts be made for establishing a parallel profit and loss sharing Islamic banking (PALSIB) system. The author suggests that there are fundamental differences between the PALSIB and conventional banking systems that demands a different approach and attitude by all parties involved, for example, bank owners, fund providers, fund users and the government. All parties must support and make a conscious effort for the Islamic banking system to move back to its roots of Islam.

The third article, "Profitability of Islamic Banks in Malaysia: An Empirical Analysis," is written by Shaista Wasiuzzaman and Hanimas-Auy Bt Ahmad Tarmizi. They examine the impact of bank characteristics as well as macroeconomic determinants on the profitability of Islamic banks in Malaysia. They only look at Malaysian banks because it is one of the countries has implemented the concept of Islamic finance in its banking industry and the increasing value of the industry has made Malaysia one of the most significant hubs in Islamic finance. They use the Ordinary Least Squares (OLS) method to analyze the data collected from 16 Islamic

banks/windows to find the determinants of Islamic banking profitability in Malaysia. Bank-specific determinants like capitalization, asset quality, liquidity and operational efficiency were regressed against profitability. In addition, macroeconomic variables like gross domestic product and inflation were also included in the analysis. The results of this study show that capital and asset quality have an inverse relationship with bank profitability; liquidity and operational efficiency have a positive influence. Finally, the macroeconomic variables show that both inflation and growth domestic product have positively influenced the bank profitability.

In the fourth essay, "The Effectiveness of Micro-Credit Programs and Prospects of Islamic Microfinance Institutes (MMFs) in Muslim Countries: A Case Study in Bangladesh," Mohammad A. Ashraf examines whether Microcredit, which is widely acclaimed as an approach to alleviate poverty and bring about development, has worked in Bangladesh. Recently, the effectiveness of Microcredit programs has been up for debate in the literature. The controversy surrounds the impact these programs have on poverty, ultra-poverty and overall socioeconomic development. The author conducted an exploratory survey analyze the microfinance members' opinions about the microfinance schemes adopted by different microfinance institutes (MFIs) in Bangladesh. This study also explores the possibility of establishing IMFIs as an alternative to the conventional MFIs. The respondents (members of one of the three MFIs: Grameen Bank (GB), Bangladesh Rural Advancement Committee (BRAC) and Association for Social Advancement (ASA)) were asked to evaluate their different programs selected in the questionnaire. The result of this study indicated that overall poverty was not alleviated and the factors such as membership criteria, costs of credit, income and living standard, religious restrictions and risk of loans are not on a satisfactory level.

Finally, in the fifth article, "An Analysis of Disbursement of Waqf Funds and their Potential in Bangladesh," by Muhammad Fazlul Karim and Md. Wahid Murad, the authors find that Islam encourages *Waqf* institutions to build mosques or orphanages and also authorizes them to accomplish broader socio-economic objectives. The authors examine Bangladesh Waqf estates' current socio-economic profile and explore potential expenditure options. Several issues of the Waqf estates such as their number, registration type, beneficiaries, mode of management, properties, income, and expenditures are discussed. The findings of their study would be useful to the authorities in their efforts to operate and manage the Waqf estates in an efficient and sustainable way.

I hope the readers will find these five articles very informative and rich in information.

Key Reference: Rasem N. Kayed and M. Kabir Hassan. *Islamic Entrepreneurship.* Routledge Publishing Company, London, 2010.

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