

Towards an Understanding of Islam and Muslim Entrepreneurship in the Middle East

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Agenda

Introduction and Overview

Islam the Faith and the Faithful

Muslim Culture in the Middle East and Gulf States

The Geo-Political Landscape in the Middle East

The Economy, Entrepreneurship and Family Business in the Middle East

Concluding Thoughts

Introduction and Overview

Entrepreneurship is a defining business trend around the world

The Middle East, specifically the Gulf Region is a growing, lucrative marketplace

Religion is a driving force exerting great influence on economic and business development

Islam is often perceived as an impediment to business development and entrepreneurship,

yet most Islamic economists view markets as the normal vehicle for conducting transactions

Islam the Faith and the Faithful

Second largest religion in the world: between 800 million to over one billion

The Five Pillars of Islam

1 - The Creed

There is no God but Allah and that Muhammad is the Prophet of Allah
Muhammad is God's final prophet to man kind, after whom there will be no other

2 – Prayer

Salat, ritual prayers prescribed at specific times in particular forms
Du'a, a personal prayer or invocation addressed by the believer to God

3 – Charity

The third pillar called *zakat* relates to “alms giving and social welfare”:
Early social security system that emerged into a complex global system of charitable foundations and institutions

4 - Fasting

The forth pillar relates to primarily to the Holy month of Ramadan and abstention:
Abstention from certain food and drink, tobacco, sexual relations, alcohol and pork

5 – Pilgrimage

Once in a life requirement to make a pilgrimage to the holy cities of Mecca and Medina and engage
Two types of pilgrims, scholars and merchants centered around experiences connected with knowledge and contacts

Muslim Culture in the Middle East and Gulf States

Middle East cultures are unique - guided by Islam and governed by the decedents of royal tribes who emerged as Kings, Princes or dictators

Loyalty and nepotism are especially important - Tribalism in the form of *hamula* continues to dominate Middle Easter culture today

Those in positions of power are expected to use their rank to provide socioeconomic benefit to family and kinship as part of their faith

Muslim and Christian Value Standards

Muslim Value Standards

Thrift equals avarice
Generosity equals extravagance
Courtesy equals subservience
Loyalty equals nepotism

Christian Value Standards

Thrift equals sensibility
Generosity equals kindness
Courtesy equals respect
Loyalty equals partnership

The Geo-Political Landscape in the Middle East

Geo-Political Forces Shaping the Middle East

- **Youth and Job Crisis**
Over 180 million young Arabs
report to World Economic Forum
- **Education Reform**

The Economy, Entrepreneurship and Family Business in the Middle East

Leaders across the region recognize the need to empower entrepreneurship and development sustainable SMEs

Unique and distinctive development in the Arab world is the emergence and growth of Islamic finance products and services

Although interest is forbidden profit taking is not only permitted, it is praised and acceptable

Entrepreneurship is permitted and encouraged in the Muslim religion -
Family businesses are the engine of socioeconomic development

Family companies dominate the private sector 85-90% of all commercial activities in the Gulf region are controlled by families (Gulf Business, 2008)

Mix of Large and Small Family Businesses Dominate the Gulf Region... What makes them unique?

New and emerging business climate across the region

Greater emphasis on supporting private sector development

Privatization of state enterprises & new support institutions

Availability of capital & reform of accounting and compliance

Professionalization of management practices and governance

Entrepreneurial private businesses key to stability & growth

Thank You!



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