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# Social Business: An Islamic Perspective

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## Abstract

Social business based on interest is characterized as a separate business concept dealing with creating sustainable value to the society tailored to address social problems designed for the underprivileged community out of the traditional profit or no-profit based business operating approach. However, religion base motivation behind social enterprise or social business may be an alternative that may contribute to building a sustainable society serving the underprivileged community aiding them eradicating the interest based social business. The motives and mission of the social business ranges from micro to the hybrid or macro involvement integrating the conventional theories based on an interest based business model. Consequently, the current study finds that gap intending to fill it aiming to offer a social business idea addressing the social problems showing a business model in the light of the Islamic principles with an inclusion of empirical knowledge.The present study is qualitative and an inclusive in nature based on the literature in order to meet the unmet demand of the social business following the principles of the Holy Quran with an analytical model attempting to induct an innovative approach following the scriptural theory. As interest charging, taking or activities relating to interest like official work or being a guarantor are prohibited in Islam, an alternative approach is required for some stakeholders interested in social business who would like to avoid interest related transactions. Funding, investing and managing a social business in the light of the holy Quran can meet up such types of need the stakeholders perceive in their minds as a latent demand. Islamic social business is no more a dream but a reality. Malaysia and Indonesia have started such business with their own funding. In Bangladesh, Muslim aid is operating micro financing to abolish usury or interest based social business. However, the present study will guide the existing Islamic social businesses as well as helping emergence of new types with the contribution in social business literature for the academics as well.

**Keywords:** Analytical Model; Entrepreneurs; Interest; Islam; Poverty; Social Business; The Quran

## 1. Introduction

When the term social business or social entrepreneurship appears then the name comes in mind is Professor Muhammad Yunus a Nobel Laureate of Bangladesh who introduced the concept of social entrepreneurship commonly defined as "entrepreneurial activities with an embedded social purpose" (Austin et al., 2006), that has later become an important economic phenomenon worldwide (Mair and Marti, 2006), where 82% of their clients are poor women entrepreneurs in Africa, Asia, Eastern Europe, Latin America, and the Middle East (Balogun and Yusuf, 2011).

Social business is characterized as a separate business concept dealing with creating sustainable value to the society tailored to address social problems designed for the underprivileged community out of the traditional profit or non-profit based business operating approach. Social business continues to expand in number and induces to tackle world problems regarding poverty, environmental degradation, and moral injustice (Gonin et al., 2013). Weerawardena and Mort (2001) stress the objectivity of social business linking to creating social value as a primary organizational goal by employing business concepts to sustain their operations in pursuit of that objective.

### 1.1. Problem statement

One of the goals of the social business or social enterprises includes aiding the poor for their economic emancipation. Although the mission of the social business is very holistic, in course of time, lots of challenges are apparent. Few of the inside stories are known due to the media focus, but most of the stories relating to micro-credit are not published. Some of the cases can be mentioned here.

The entrepreneurs engaged in social business charge interest. The installments of the principal amount with interest are generally collected weekly basis. Whether the beneficiaries earn a profit or not using the funded money, they have to repay the amount. Therefore, round the week, they remain busy in collecting the installment money to be repaid on a certain day. Consequently, the incumbent possesses psychic cost or mental stress.

It is evident that the female is focused and is given priority in lending money in the villages. The male partners sometimes demand money from his female family members. When the male is refused, the quarrel is made resulting in breaking the family peace. However, that problem takes place due to the narrow mindset of the male dominant society prevailing in the underdeveloped countries.

The observation also shows that sometimes the female become a member of a conventional social business entity or microfinance organization but her husband is in dark about this. The female candidate takes the principal amount but does not use the money for business purposes. As she needs to pay interest with the portion of the principal amount next week, she is in trouble. In this circumstance, she is to steal money from the pocket of her husband or to pay interest from the principle amount.

In general, most of the cases the installment with the principal amount and interest is collected by an appointed male officer who is in touch of many female members. The consequences of their longer communication and involvement lead some of them toward an unfair love which breaks the relationship of the husband and wife. Moreover, it is a social problem.

Since the male is not prioritized in receiving micro-finance, they depend on the female to take a loan. Here, the female is very opportunistic since they further re-lend the amount to the male at a certain rate higher than the amount demanded by the microfinance. Ultimately, the burden of interest is transferred to the male candidates. Yet, some local money lenders take the chance of this gap. In general, they lend money to the small businessmen charging weekly or monthly charge cutting off the money at the time of lending. For instance, if a small businessman is in need of 100, the money lender shows 100 to the needy person but 80 or 85 is given in cash to the needy person cutting off the fraction as interest instantly. However, the money lender has to be paid 100 after one week or within the stipulated time.

It is also evident that some of the cases the money has been used for dowry payment or for making homes instead of dealing in small business but the beneficiaries continue the installment payment lending money from the other sources. As a result, loan creates another loan.

Probably, the most vulnerable state is the loan taking cycle in which the incumbents are in a net of the loan. When the beneficiaries pay back the first time loan, the micro financiers lure them to take a further loan at a higher amount. In this way, the poor are in a trap in taking a small amount to the higher and they hardly get an opportunity to be free from a loan free life. This circumstance can be addressed as a vicious circle of the loan by the micro financiers in the name of the social business. The issue regarding installment collection is more pathetic when the micro financiers sometimes become very rude. It is observed that the assigned manager seize properties such as cattle, furniture, and other tangible assets of the poor who fail to repay the loan. The social entrepreneurs are supposed to establish social peace, but they are not considering the exceptional cases of the loan defaulters. Indeed, that sort of effects is surely the drawbacks of social business.

Social business is supposed to seek to break the cycle of poverty by providing economically and physically disadvantaged people economic opportunities. On the other hand, the consequences of the stated cases sometimes result in an economic imbalance in the society. Consequently, poverty alleviation may be unattained. Moreover, sustainable economic development will remain still a dream if an interest-based social business exists in the society.

The origin of the problems relating to social business probably lies in the motivation. Social enterprises seek to solve social problems through business ventures. They combine the efficiency, innovation, and resources of a traditional for-profit firm with the passion, values, and mission of a not-for-profit organization (Battilana et al., 2012). As a result, they embed within the boundaries of one organization multiple and inconsistent goals, norms, and values, creating contradictory prescriptions for action and generating ethical dilemmas for their leaders (Dees, 2012; Margolis and Walsh, 2003).

However, religion base motivation behind social enterprise or social business may be an alternative that may contribute to building a sustainable society serving the underprivileged community to aid them eradicating interest based social business.

## 2. Literature Review

Social enterprises correlate diversified stakeholders with social missions through business ventures continuing to grow in number and induce to address world problems of poverty, environmental degradation, and moral injustice (Gonin et al., 2013) being a distinct theoretical domain (Dacin et al., 2010). Social business provides a product or service that creates social or environmental benefit, for instance, the production and distribution of biodegradable water bottles (Dorado, 2006; Sharir and Lerner, 2006). The relationship between social missions and economic outcomes in social business is mutually beneficial and constitutive (Gonin et al., 2013). A person involved in social business addressing social problems act as a social change agent (Waddock and Post, 1991; Drayton, 2002).

The motives of social business are to ensure social welfare following a process of pursuing selfish ends and social wealth (Alvord et al., 2004; Vega and Kidwell, 2000), creating new markets, new industries, new technology, new institutional forms, new jobs, and net increases in real productivity (Zahra et al., 2009; Hibbert et al., 2002), involving in business tasks generating an income stream along with an advancement in financial sustainability (Fowler, 2000). Involving in business tasks generating an income stream along with advancement in financial sustainability, yet attending to both social missions and business ventures create problems for gaining legitimacy with stakeholders, sustaining commitments to both social and commercial goals over time, and managing internal relations among members (Gonin et al., 2013). Therefore, the capability and intention of the social entrepreneur are significant to create social value that the change agents seek (Martin and Osberg, 2007; Holt, 1992; Mort et al., 2003).

The seeking of financial self-sustainability by the social entrepreneurs is significant. Leaders of social ventures look to self-sustainability funding, in a more commercial style, with the belief that market-based revenues can be easier to grow and more trustable than philanthropic funding (Alvord et al., 2004; Dees, 1998). However, the community is the entrepreneurial actor and beneficiary (Peredo and Chrisman, 2006; Johannisson and Nilsson, 1989) who is in need of an exceptional commitment and passion for the social mission (Bornstein, 2004).

Although social business started with the microfinance, educating nation and providing with health-care services diversification has been accelerated in course of time known as a hybrid notion (Battilana and Dorado, 2010; Haigh and Hoffman, 2012; Seelos and Mair, 2005) embedding conflicting social welfare and commercial logics (Battilana and Dorado, 2010; Battilana et al., 2012). Gonin et al. (2013) note the diversification of the social enterprise as the fulfillment of competing demand, covering the financial services, agriculture, information technology, and retail industries as well. Effectively understanding these hybrid organizations relies on identifying the tensions emerging from their commitments to both social welfare and commercial logics.

With the extensive growth and diversification, the operating philosophies behind the social business are in a changing state. For instance, normative approach articulates moral reasons for addressing multiple stakeholders including issues of fairness (Pache and Chowdhury, 2012), legitimacy and reciprocity (Miller et al., 2012; Tracey, 2012), having differences with utilitarian identities of social enterprises (Albert and Whetten, 1985; Moss et al., 2011). Yet, stakeholder theory illuminates how

distinct needs of external stakeholders create pressures on organizations to attend to both social and financial outcomes (Donaldson and Preston, 1995). In addition, paradox theory posits that tensions, such as those between social missions and business ventures, are inherent within organizations (Smith et al., 2012; Smith and Lewis, 2011). The remarks made by Gonin et al. (2013) assert the adoption of four theoretical lenses are particularly relevant for understanding the distinctions, as well as interactions, between social missions and business ventures offering a research agenda for perceiving social-business tensions within social enterprises.

The summary of the literature clarifies the motives and mission of the social business ranging from micro unit to the hybrid or macro involvement integrating the conventional theories based on an interest based business model. No study was found to the best of knowledge relating to social business on Islamic principles including a business model and Islamic management with a focus on micro and macro social business. Consequently, this study finds that gap intending to fill it. Thus, the study aims to offer a social business from Islamic perspective to address the social problems showing a business model in the light of the Islamic principles focusing two objectives include:

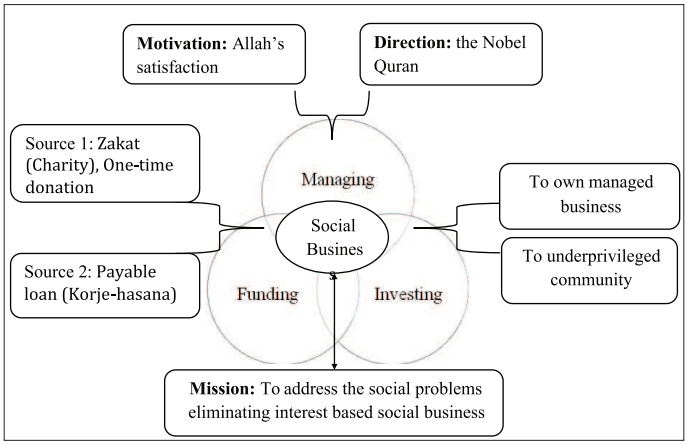
1. To introduce an Islamic value based social business solving social problems
2. To present a model of social business in the light of the Nobel Quran.

## 3. Method

Qualitative research possesses field observations and analysis of texts seeking depth rather than breadth (Ambert et al., 1995), not finding data to prove or disprove the hypothesis (Bogdan and Biklen, 2003) conveying its workings in its phenomenological integrity (Ambert et al., 1995). Moreover, concepts are very much important in qualitative research (Bryman, 2008; 2004).

Qualitative approach sees the contexts as important based on its environment (Robson, 2011; 2002). Consequently, this study is qualitative and an inclusive in nature based on the literature to meet the unmet demand of the social business following the principles of the Holy Qur'an. Consequently, this study attempts to initiate an innovative approach of conducting social business following the scriptural theory. The Nobel Quran has been used as the guideline selecting the verses regarding different business issues keeping few cases on the microfinance of the remote villages in mind. An analytical model has been developed as per the intended objectives. Thus, the study has followed a qualitative method of research blending the scriptural theories with the existing social business considering few cases as the observation. The selected verses from the Holy Quran have been analyzed in managing, funding, and investing as to social business.

**Figure 1:** A model for Islamic social business



### 3.1. Theoretical framework

As per the theoretical framework, the Islamic social business concern should start with a motive to satisfy Allah taking the Holy Quran as a guidance keeping in mind a holistic objective regarding eradication of interest based social business with a view to building a sustainable and economically developed society tailored for the underprivileged people. Since the conventional social enterprises are based on capitalism guided by the man-made theories facing limitations, the proposed framework in this study, on the other hand, is likely to insight a new approach as to social business (Figure 1).

The proposed Islamic social business will raise fund from two sources including *Zakat* system and one-time donation. The fund also will be collected from the investors like the traditional social business known as *Korje-hasana* or payable loan. Then, the collected fund will be invested to own managed business the social enterprise considers feasible and attractive addressing the social problems. In addition, the underprivileged community will receive considerable portion to be utilized for their economic emancipation purposes. According to the framework has been used as a guideline for Islamic social business, it is noted that no incoming or outgoing of the fund will be invested or re-invested in any sector encountering contradiction to the Nobel Quran as the mission of Islamic social business is to address the social problems eliminating the ongoing interest based social business.

## 4. Analysis and Discussion

Social business encompasses entrepreneurial activities with an embedded social purpose (Austin et al., 2006), aiming to ensure social welfare (Alvord et al., 2004;), contributing to break the cycle of poverty by providing economic opportunities to the economically and physically disadvantaged people. There is no doubt that the conventional social businesses are contributing to the economic growth along with solving few social problems but having relation with the interest based economy. As interest charging, taking or activities relating to interest like official work or being a guarantor are prohibited in Islam, an alternative approach is required for some stakeholders interested in social business who would like to avoid interest related transactions. Funding, investing and managing a social business in the light of the holy Quran are needed to meet up such types of need the stakeholders perceive in their minds as a latent demand (Kotler et al., 2013. p. 8).

### 4.1. Islamic management

Management is the process of designing and maintaining an environment in which individuals work together in groups efficiently to accomplish selected aims. The management of the Islamic social business, however, must be Islamic principles based on the Holy Quran has been accepted as a guideline at the beginning.

The holy Quran says, “Obey Allah and obey the Messenger and those of you who are in authority” (4: 59). Social business dealing with Islamic culture should consider the above verse regarding management as authority is concerned with management. The social entrepreneurs have to communicate the teaching of the Holy Quran among the other employees that obeying the orders of an organization as per Islamic values is obeying Allah acting as the part of worship. This is because, “Allah has raised you in ranks, some above others that he may try you in that which he has bestowed on you” (6: 165). As per the glorious Quran, the management is about employing fellow human in the organization and ensuring intensive obedience for the betterment of the organization according to ranks and order. Whereas a social business management based on Islamic *sharia* is related to communicating the social mission of creating an interest less society besides ensuring sustainable economic development among the stakeholders.

#### *4.1.1. Motivation*

Motivation means a general term applying to a whole class of drives, desires, needs wishes and similar forces, whereas motivators include objects or things that induce an individual to perform **(**Weihrich and Koontz, 1994). Achieving the satisfaction of Allah, however, is the motivation of the Muslims

along with performing some authentic deeds as per the Holy Quran are the motivators. The Glorious Quran says, "Verily, my prayer, my sacrifice, my living and my dying are for Allah" (Chapter 6: 162). Since Allah has banned interest, the concerns who are involved in Islamic social business must hold an intrinsic motivation in taking the people out of the interest net freeing them from the vicious cycle of the loan.

#### *4.1.2. Direction*

Allah says, "The month of Ramadan in which was revealed the Quran, a guidance for mankind and clear proofs for the guidance and the criterion" (2: 185). The holy Quran will direct the Islamic social business since the Muslims consider the Nobel Quran as a direction regarding what to do and how to do. Nevertheless, it is imperative to claim that the Nobel Quran is not only a guideline for the Muslims but also for the mankind. As Allah knows well about mankind and he reveals such a scripture to be used as direction. Allah says, "Surely, his is the Creation and Commandment. Blessed is Allah, the Lord of mankind, jinn and all that exists" (7: 54). According to the above verses, Islamic social business should be directed as per the commandments and guidance of Allah as the rules of thumb.

### 4.2. Islamic funding

According to Islamic belief, people have two stages of life including here and hereafter. The life in hereafter depends on the activities performed in the world. Therefore, the believers spend their days in the world aspiring paradise in the hereafter which is the reward of some physical and financial contribution in the cause of Allah helping mankind. Allah says, "Verily, Allah has purchased of the believers their lives and their properties for that theirs shall be the Paradise" (9: 111). Properties including money, land, and other assets must be used for the sake of Allah to obtain hs satisfaction as a motivation resulting in Paradise in the hereafter. Helping the underprivileged or poor people solving their social problems require funding. However, such fundraising also should be in a valid way sourcing from the origins supported by Islamic principles since Allah does not accept any invalid sources of money saying " By no means shall you attain Paradise unless you spend of what which you love; and whatever of good you spend, Allah knows it well" (3: 92). The spending in the cause of Allah will form funding for the Islamic social business classifying them as source one and source two.

#### *4.2.1 Source 1*

The required fund for Islamic social business will be generated from the first source that also can be addressed as the primary source consisting of charity known as *Zakat*; one of the five pillars of Islam. In addition, one-time donation by the donors will be accumulated in funding for the Islamic social business.

##### *4.2.1.1. Zakat or charity*

After belief in Allah, five times prayers to Allah are compulsory. *Zakat* comes at the third position as one of the five fundamental pillars of Islam. Allah says, "This is the book whereof there is no doubt, guidance to those who believe and perform *Salat* (Prayer) and ensure *Zakat* (Charity) spending out what we have provided for them" (2: 2-3).

*Zakat* is a certain amount, which is obligatory for a Muslim when he/she possesses a definite amount of gold, ornaments, money, business properties, crops or cattle around a year to be paid as charity to the needy person at the rate of 2.5%. This is a significant amount that can be collected to ensure social business funding. If an individual Muslim does not pay *Zakat* or manipulate the amount, the remaining assets will be *haram* or invalid. Consequently, no good deeds will be accepted by Allah whereas good deeds are the pre-requirements to enter paradise a Muslim aspires.

Although conscious Muslims pay *Zakat* but the amount is not circulated rather benefits a single family or an individual in general. If all payments of *Zakat* are accumulated together in a *Zakat* fund with a mission to reinvest in helping the underprivileged or needy persons, that surely will be a considerable amount. It is noted that the traditional social business possesses funding from the investors, whereas Islamic social business is likely to receive funding from many sources including qualified persons having gold, ornaments, money, business properties, crops or cattle as well.

*4.2.1.2. One time donation*

Donating properties, money or any assets one time as charity is another probable source of Islamic social business. It is the belief of the Muslims that after their death they are worth of receiving good deeds that will reward them in the grave and hereafter if they donate one time in the cause of Allah benefitting humanity or the poor or the underprivileged. Allah says, "O you who believe! Spend of that with which we have provided for you before a Day comes when there will be no bargaining, nor friendship, nor intercession" (2: 254), "O you who believe! Fear Allah and keep your duty to Him. And let every person look to what he has sent forth for tomorrow, and fear Allah. Verily, Allah is All-Aware of what you do" (59: 18). Spending for the cause of Allah to benefit mankind will reward an individual Muslim hereafter. If the micro spending is funded together and is used for addressing the social problems cyclically, no financially disadvantaged people are supposed to be remaining.

In a Muslim society, donating one time is treated as Oaqf which means that a donor donates land, savings or other assets in the cause of Allah black and white to the authority or committee dealing with Mosques or schools rendering Islamic services or preaching Islam. Those potential sources can be used for social business funding since the donors never think to get the assistance back as they do so fear death torments. About this regards, Allah says, O you believe! Let not your properties or your children divert you from the remembrance of Allah. And whosoever does that then they are the losers. And of that with which we have provided you before death comes to one of you, and he says: "My Lord! If only you would give me respite for a little while, then I should give *Sadaka* (spend for Allah) of my wealth, and be among the righteous" (63: 9-10). To sum up, the primary source includes *Zakat* (charity) and one-time donation (*Sadaka-e-Jaria*) that can significantly contribute to making Islamic social business concept a success motivating the Muslims to spend more.

### *4.2.2. Source 2*

Payable loan (*Korje-hasana*) will be used as the secondary sources for raising fund in Islamic social business. This is just like the traditional social business funding that the social investor only will get the principal money back. In Islamic *sharia,* it is called *Korje-hasana* having a motivation to help others financially. In return, the investors will be blessed with mercy from Allah. The Nobel Quran says, "Verily those who give Sadaqa, men and women, and lend Allah a goodly loan, it shall be increased manifold, and there shall be an honorable good reward (57: 18). Moreover, these types of financial assistance strengthen mutual cooperation among the people. Allah says, "Help you one another in Al-Birr and At-Taqwa (virtue, righteousness, and piety); but do not help one another in sin and transgression. And fear Allah. Verily, Allah is Severe in punishment" (5: 2). In the proposed Islamic social business, the secondary source of funding is the second priority though the conventional social business uses such funding as the main source. Yet, a separate institutional body in public or private sectors regarding Islamic social business can be formed with the contribution of proposed source 1 and 2.

## 4.3. Islamic investment

The Nobel Quran says, "Allah has permitted trading and forbidden riba or usury" (2: 275). Allah says, "O you who believe! Eat not up to your property among yourselves unjustly except it is a trade amongst you, by mutual consent" (Al Qur'an, 4: 29). Any business where there is an equal chance of profit and loss between buyers and sellers are allowed in Islam provided that no one face unjust. Since social business is conceptually designed to solving social hurdles, it will address the gaps that the other business concerns have not touched. Although ongoing social business process is tied with conventional financing system followed by interest or usury, the Holy Qur'an strictly prohibits such types of dealing saying in the second chapter verse 278, "O you who believe, be afraid of Allah and give up what remains from riba (usury or interest), if you are believers." Then, verse 130 of the 3rd chapter says, "O you believe, Eat not riba doubled and multiplied," And "Allah will destroy riba" (2: 276). Therefore, making an interest free society abolishing traditional interest based microfinance should be the prime concern of the Islamic social business.

Allah says in the Holy Qur'an to follow the last prophet Muhammad (May Allah bless His peace upon him) in the 3rd chapter verse 80, "He who obeys the Messenger, has indeed obeyed Allah, but he who turns away, then we have not sent you as a watcher over them." The last prophet was also engaged in business. Therefore, it is a great motivation for the followers of Islam to be involved in business activities. However, Islam allows business but it strictly forbids the production of any goods or services harmful to the individual, environment or society.

#### *4.3.1. Investing in own managed business*

The collected Islamic fund can be used for investing to own managed business by the organization aiming to form a social business addressing different social problems. Consequently, the output of the social business will ensure social welfare and social wealth (Alvord et al., 2004; Vega and Kidwell, 2000), creating new markets, new industries, new technology, new jobs, and net increases in real productivity (Zahra et al., 2009; Hibbert et al., 2002), involving in business tasks generating an income stream along with an advancement in financial sustainability (Fowler, 2000), following the Islamic human resource management systems (Islam and Hossain, 2016) through the Islamic marketing approach for the creation of a sustainable value (Islam, 2016).

For instance, the babies in the rural areas hardly possess access to the baby diaper or pampas, nutritious food including readymade baby milk. Their mother also lacks hygienic products during their special periods. To the village people, the products relating to baby care or mother care are very expensive. Islamic social business can produce such types of products by their own management to serve these underprivileged communities charging the minimum price that will result in healthy babies and healthy mothers. To feed the nation healthy food, Islamic social business also can undergo for the production of organic food using the idle hands of the villagers.

This business surely will create a happy nature saving our environment because the chemical dependent farming system is the threat for the soil, insects, birds and other species along with human (Islam and Hossain, 2016). Moreover, the earned profit by the Islamic social business can be addressed as social profit to be reinvested and the price charged to the customers also can be considered as a social price.

#### *4.3.2. Investing in underprivileged community*

The key stakeholders of the proposed Islamic social business are the remote villagers who are generally poor and underprivileged communities lacking higher education having lots of limitations including economic problems as a major one. Islamic social business should mainly target them in helping remove their economic distress. Addressing social problems are the main motivation of the conventional social business system. However, integration of usury or interest in the society and the net of the loan are the social problems that vex the affected community. Therefore, Islamic social business will fund, invest and manage capital in a way that will sustainably contribute in addressing the problems of integration of usury or interest in the society bringing the underprivileged people out the net of the loan.

##### *4.3.2.1. Type 1 Islamic social business*

Type 1 Islamic social business will be based on *Mudharaba* system. In this approach, the first party works as a *shohibul maal* (the capital owner) providing with all capital, the other party is treated as *mudharib* (the manager) providing skills, workforce and time. The profit or revenue resulting from *mudharaba* is shared based on the contact of both parties. If they get lost from the true ground, the *shohibul mall* will bear it. On the contrary, loss occurs by the fraudulent activities of *mudharib*, he/she has to take the burden. For the betterment of the business, a contact is required between the *shohibul mall* and *mudharib* as per the Nobel Quran.

The beneficiaries or *mudaharib* will not be given cash. Instead of giving money, they will receive all supports in starting a small business including products, business supports, and place arrangements. The organization managing Islamic social business will control everything through their own employed personnel whereas the beneficiaries will run the small business deploying their physical labor. A certain amount of profit will be cut as administrative cost or as a service charge, but the beneficiaries will

receive the major portion so that they can stand their own businesses near future when the principal amount is transferred to another individual. In type 1 social business, the management system will be under the control of the authority and the beneficiary will work as an agent having a major portion of profit sharing since he/she will employ labor. At one stage, the agent (*mudharib*) will be the owner.

Type one Islamic social business also can be applied in the mortgaging land; a common practice in the remote villages treated as a social problem. In the conventional mortgaging land system is compared with interest based business since they landlord is to pay the whole amount though the other party gets benefits from the land cultivating crops. At one stage, the crops value exceeds the mortgage loan but the landlord is not exempted from any money. To address this problem, the needy landlord can be assisted in the condition that he/she will repay installment after harvesting each time. After calculating total cost and revenue, a minor portion of the profit will be paid to the social business authority with the installment. If profit is not obtained in one harvesting season, installment of the principal amount will be paid only. When the total mortgaged money is paid after some time, the landlord is free from the Islamic social business authority. Consequently, certain social problems will be solved and the landlord will get his/her land back being benefited short-term from the Islamic social business system.

A written contract should be signed by the members. The Holy Quran says, "O you who believe! Eat not up to your property among yourselves unjustly except it be a trade amongst you, by mutual consent" (4: 29). The verse implies that men are likely to eat the property of other men unjustly since " Man was created weak" (Al-Quran 4: 28), "Man is created of haste" (Al-Quran 21: 37), "Man is ever hasty" (Al-Quran 17: 11), "Man is ever ungrateful" (Al-Quran 17: 67), "Man is ever miserly" (Al-Quran 17: 100), "Man was created very impatient" (Al-Quran 70: 19), "You (mankind) have been given only a little of knowledge" (Al-Quran 17: 85), "Man is ever more quarrelsome than anything" (Al-Quran 18: 54) resulting in opportunistic behaviour. Allah also says, "When it is a present trade which you carry out on the spot among yourselves, then there is no sin on you if you do not write it down. But take witnesses whenever you make a commercial contact" (Al-Quran 2: 282). To check the potential unfair means by the men involved in the Islamic social business, it is a precaution to make a consent or contract as per the law considering the limitations of men.

Since men or the female are mainly responsible for earning bread and butter for the family, they will be prioritized in funding from the Islamic social business since Allah says, "Men are the protectors and maintainers of women, because Allah has made one of them to excel the other, and because they spend from their means"(4: 34). Yet, the widow, orphan and other underprivileged women also will receive the portion of Islamic social business funding.

#### *4.3.2.2. Type 2 Islamic social business*

*Musyaraka* approach may be the second category of the Islamic social business. It is based on profit and loss sharing principles between one party or more for certain business in which capital is formed from the both parties in the light of the contact made at the beginning.

A significant amount of underprivileged people lack starting capital for starting their small ventures like an auto rickshaw, grocery shops, agri-products business including fruit shops or vegetable shops. The local money lenders known as *mohajon* or *dadon* traders take the opportunity to exploit the people needing capital support. Islamic social business can address that social problem to free the needy from the net of interest financing in their business. When the principal amount will be repaid, the individual member will be the owner of the small business and the amount will be invested to help the another person. In this way, the society will be an interest or usury free and underprivileged individual will be economically solvent. Nevertheless, it is noted that profit is uncertain and risks and uncertainties prevail in a business like theft, robbery, damage, catching fire for instance. In those special consequences, the principal amount will be exempted with the proper investigation in exchange for the physical labor of the loser to be employed in the own managed business activities of the Islamic social business entity. That will ensure welfare for both the parties. Moreover, new party or qualified client will receive loan instead of the older one though the conventional social businesses sell their loans to their older clients repeatedly.

The profit portion from the own managed business, type one, and type two business will be reinvested. Collectively, the three portions of profit will create sustainable sources of cash inflow for the Islamic social business to root out the oppression of the interest based social business money lenders.

The conventional social business concerns usually use a home of their members. However, Islamic social business entity can use the mosque where the leader (Imam) who know the villagers very well may play the key role because people surrounding the mosque respect the *Imam* or leader highly and earnestly. At the time of prophet regime and his companions, mosques were used as the center for development. Counselling on Islamic social business, necessity of obeying Allah, importance of performing Islamic rules, danger of usury or interest, punishment of eating another's properties or other related issues can be accomplished in the mosques in order to create an honest community since without making a trustworthy and Islamic value based community, success of Islamic social business is impossible.

The proposed Islamic social business clearly suggests a profit-sharing system having uncertainty (Mawardi and Widiastuti, 2016) since assurance or promise of a definite advantage in advance as the system of interest is prohibited as per Islamic principles. In chapter Luqman, verse 34 Allah says, "No person knows what he will earn tomorrow". Nevertheless, the profit-sharing system of Islamic social business must be run based on transparency, fairness, and honesty being afraid of Allah because the conventional social business system seems to be oppression to the disadvantaged needy people for the burden of interest or usury.

## 5. Conclusion and Recommendations

Islamic social business is no more a dream but a reality observed in the study of Mawardi and Widiastuti, (2016) and Islam, (2016). Malaysia and Indonesia have started such business with their own funding but in Bangladesh, Muslim aid is operating micro-financing in the light of the Nobel Quran with a view to abolishing usury or interest based social business. This study will guide the existing Islamic social businesses as well as help the emergence of new types. The ultimate goal is to ensure a sustainable microeconomic development that will affect the macroeconomy in the long run where the disadvantaged will be made an owner of a small business through Islamic fund. In this way, the same fund will be circulated making a vibrant and economically solvent society.

Since the model is analytical, practical implication is necessary with proper Islamic management and Islamic funding with Islamic marketing. An experimental research based on the proposed analytical model of the Islamic social business may overcome the likely limitations because social business with Islamic perspective is still at the introduction stage. to continue its growth and maturity, a significant amount of efforts is required. Moreover, the success of the Islamic social business one day will gift the world an interest-free social business resulting in freeing underprivileged people from the net of the loan.

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