

Islamic Entrepreneur in the Business Concept of Prophet Muhammad SAW: A Conceptual Review



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ABSTRACT: This research examines the concept of Islamic entrepreneurship based on the Prophet Muhammad's business practices and its relevance to the modern business context. Through a systematic literature review method, this research analyses primary and secondary sources on the history of Islamic economics, the biography of Prophet Muhammad, and contemporary literature on Islamic business ethics. The main findings show that the Prophet's business practices were based on fundamental Islamic principles such as tawhid, justice, and social responsibility. The main characteristics of Prophet Muhammad's business include honesty, professionalism, quality orientation, focus on customer satisfaction, and fair partnership. This research reveals that the concept of Islamic entrepreneurship has strong relevance to the contemporary business context, especially in the aspects of business ethics, leadership with integrity, and corporate social responsibility. Although its implementation faces challenges such as lack of in-depth understanding and conflict with conventional systems, there are significant opportunities for the development of Islamic entrepreneurship, especially in countries with large Muslim populations. The study concludes that the concept of Islamic entrepreneurship offers a more ethical, sustainable and benefit-oriented business paradigm, which can provide inspiration for global efforts in building a more just economic system. Recommendations are put forward for business practitioners, policy makers, academics, educational institutions, and Islamic business organizations to encourage the implementation and further development of this concept.

KEYWORDS: Islamic Entrepreneur, Business Ethics, Prophet Muhammad SAW, Islamic Economics, Sustainable Business

INTRODUCTION

The current practice of the modern economic system tends to be oriented only towards economic growth without paying attention to aspects of equity (Chapra, 2000). The main motive of business actors is often only to pursue as much profit as possible, without regard to humanitarian, moral and ethical aspects (Yusanto & Wijayakusuma, 2002). This has led to various unhealthy business practices such as corruption, fraud, and exploitation. Cases such as the Enron scandal, WorldCom, and the 2008 global financial crisis show how important ethics are in business practices (Beekun & Badawi, 2005).

On the other hand, Islam has provided an example of moral and ethical business practices through the person of the Prophet Muhammad SAW. Before being appointed as an Apostle, Muhammad SAW was known as a successful trader and earned the nickname Al-Amin (the trusted one) because of his honesty and integrity in doing business (Afzalurrahman, 1997). The business principles taught and practiced by the Prophet Muhammad SAW are not only relevant in his time, but can also be a solution to various contemporary business ethics problems (Antonio, 2007).

Some previous studies have examined the Prophet's business practices from various perspectives. For example, Trim (2009) discussed the Prophet Muhammad's business strategy, while Norvadewi (2015) analyzed business ethics in an Islamic perspective. However, a more comprehensive study of the concept of Islamic entrepreneurship based on the Prophet's example and its relevance to the modern business context is still needed.

The objectives of this study are (i) Identifying the principles and business practices of the Prophet Muhammad SAW. (ii) Analyzing the relevance of the concept of Islamic entrepreneurship based on the example of the Prophet with the modern business context. (iii) Formulating the practical implications of applying the concept of Islamic entrepreneurship for contemporary business people.

Therefore, this study is expected to make a significant contribution to the world of entrepreneurship, among others: (i) Providing a conceptual framework of Islamic entrepreneurship that can guide Muslim business actors in running their business in accordance with sharia principles. (ii) Offer alternative business models that are more ethical and equitable, which can be applied

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not only by Muslim entrepreneurs but also business people in general. (iii) Providing new insights in the development of Islamic values-based entrepreneurship education curriculum in educational institutions. (iv) Enriching the literature in the field of Islamic business ethics and entrepreneurship, which can be the basis for further research. (v) To encourage the development of policies and regulations that support more ethical and sustainable business practices.

By examining the concept of Islamic entrepreneurship based on the example of the Prophet Muhammad, it is hoped that solutions can be found to various ethical problems in contemporary business practices. Furthermore, this study can be the first step in an effort to build an economic system that is more equitable and brings benefits to all mankind.

LITERATURE REVIEW

- The concept of Entrepreneur in Islam

Entrepreneurship in an Islamic perspective has strong roots in Islamic teachings and practices. According to Faizal et al. (2013), entrepreneurs in Islam are not only profit-oriented, but must also consider spiritual and social aspects. This is in line with the concept of *falah* (success in this world and the hereafter) which is the main goal in Islamic economics (Chapra, 2000). Ramadani et al. (2015) explain that Muslim entrepreneurs must run their business in accordance with sharia principles, which include the prohibition of *riba* (interest), *gharar* (excessive uncertainty), and *maysir* (gambling). Furthermore, Gümüşay (2015) emphasized that Islamic entrepreneurship is not only about running a halal business, but also about creating social value and contributing to the welfare of society.

- Business Practices of Prophet Muhammad

The Prophet Muhammad was known as a successful trader before being appointed as an Apostle. Afzalurrahman (1997) in his book "Muhammad as a Trader" describes in detail the Prophet's business journey, starting from being a shepherd to becoming Khadijah's trading partner. Antonio (2007) identifies several keys to the success of the Prophet's business, among others (i) Honesty (*shiddiq*) (ii) Trust (*amanah*). (iii) Intelligence (*fathanah*). (iv) Effective communication (*tabligh*). Trim (2009) adds that Prophet Muhammad's business strategy includes aspects of marketing, human resource management, and finance that are still relevant to modern business practices.

- Islamic Business Ethics

Islamic business ethics modeled by the Prophet became an important foundation in Islamic entrepreneurship. Beekun and Badawi (2005) highlight the importance of fairness and balance in Islamic business transactions. They argue that Islamic business ethics does not only focus on the relationship between seller and buyer, but also takes into account the interests of all stakeholders. Ali and Al-Owaihan (2008) identified four pillars of Islamic work ethics that are based on the teachings of the Quran and the practices of Prophet Muhammad: (i) Business (ii) Competition (iii) Transparency (iv) Responsible moral behaviour

- Relevance to the Modern Business Context

Several studies have shown the relevance of the Prophet's business practices to the modern business context. Adnan et al. (2013) found that the Prophet Muhammad's business principles are in line with the concept of Good Corporate Governance (GCG) which emphasizes transparency, accountability, responsibility, independence, and fairness. In the context of social entrepreneurship, Anwar (2017) argues that the Prophet's business model that emphasizes the balance between profit and social responsibility can be an inspiration for contemporary social entrepreneurs. Meanwhile, Adas (2006) highlights how Islamic business principles practiced by the Prophet Muhammad can be a solution to various ethical crises in the modern business world, such as corporate scandals and exploitative business practices.

- Challenges and Opportunities

Although the concept of Islamic entrepreneurship has great potential, its application in the modern context is not free from challenges. Hassan and Hippler (2014) identified several challenges, including the lack of a deep understanding of Islamic economic principles among business people and the difficulty of harmonizing conventional business practices with sharia principles. On the other hand, Kayed and Hassan (2010) see great opportunities for the development of Islamic entrepreneurship, especially in countries with large Muslim populations. They argue that business models based on Islamic values can be an attractive alternative to the conventional capitalist system. This literature review shows that the concept of Islamic entrepreneurship based on the Prophet Muhammad's business practices has a strong theoretical foundation and relevance to the modern business context. However, further research is needed to explore its practical implementation in different industry sectors and cultural contexts.

RESEARCH METHODS

This research uses the literature review method, which is a systematic method for identifying, evaluating, and synthesizing research works and thoughts that have been produced by researchers and practitioners (Fink, 2019). This approach was chosen due to its ability to integrate findings from multiple sources and provide a comprehensive understanding of the topic under study (Snyder, 2019). The data collection process was conducted through systematic searches on various electronic databases such as Google Scholar, JSTOR, and ProQuest, as well as physical libraries.

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The keywords used in the search included "Prophet Muhammad's business", "Islamic entrepreneur", "Islamic business ethics", and other variations in Indonesian and English. The sources analyzed included textbooks on the history of Islamic economics and the biography of Prophet Muhammad, scholarly journal articles discussing business practices in an Islamic perspective, theses and dissertations relevant to the research topic and reports from research institutions and Islamic business organizations. Inclusion criteria for the sources used include: (1) published within the last 20 years, except for primary or classical sources; (2) written in Indonesian or English; (3) have direct relevance to the Prophet Muhammad's business practices or the concept of Islamic entrepreneurship (Okoli & Schabram, 2010).

The collected data was then analyzed using the qualitative content analysis method (Hsieh & Shannon, 2005). The analysis process involved several stages:

- Read in depth all the sources that have been collected.
- Identify key themes that emerge related to Prophet Muhammad's business practices.
- Categorize and codify information based on these themes.
- Synthesize the findings to build a comprehensive picture of the concept of Islamic entrepreneurship.
- Interpret the results of the analysis in the context of modern business.

To ensure the credibility of the research, triangulation of data sources was conducted by comparing information from different types of literature (Patton, 1999). In addition, peer debriefing was also conducted by involving experts in the fields of Islamic economics and Islamic history to provide input on data interpretation (Lincoln & Guba, 1985). This approach allowed the researcher to integrate various perspectives and findings from the existing literature, resulting in a more in-depth and holistic understanding of the concept of Islamic entrepreneurship based on the example of the Prophet Muhammad. A critical analysis of the literature also allows the identification of gaps in existing knowledge and areas that require further research (Webster & Watson, 2002).

FINDINGS AND DISCUSSION

- **Basic Principles of Islamic Entrepreneurship**

Based on the literature review, there are some basic principles that become the foundation of Islamic entrepreneurship based on the example of Prophet Muhammad SAW: (i) Tawhid (Godhead). This principle emphasizes that all business activities should be based on the awareness of the oneness of Allah and aim to gain His pleasure (Beekun & Badawi, 2005). (ii) Balance (Fair).

Islamic entrepreneurs must maintain a balance between the interests of individuals and society, as well as between material and spiritual aspects (Chapra, 2000). (iii) Free Will. Islam recognizes human freedom in doing business, but within the limits set by sharia (Ramadani et al., 2015). (iv) Responsibility: Every business action must be accounted for, both in this world and in the hereafter (Ali & Al-Owaihian, 2008). (v) Ihsan (Benevolence). Islamic entrepreneurs are encouraged to do more than just fulfill obligations, but also do good to all parties (Gümüşay, 2015).

- **Business Practices of the Prophet Muhammad**

An analysis of the Prophet Muhammad's business practices reveals some key characteristics:

- a. **Honesty and Integrity:** Rasulullah is known by the nickname Al-Amin (the trusted one) because of his honesty in doing business (Afzalurrahman, 1997).
- b. **Professionalism:** Prophet Muhammad ran his business with full competence and accuracy (Antonio, 2007).
- c. **Quality Orientation:** Rasulullah always maintained the quality of his merchandise and did not hide product defects (Trim, 2009).
- d. **Customer Service:** Prophet Muhammad was very concerned about customer satisfaction and building long-term relationships (Adnan et al., 2013).
- e. **Fair Partnership:** In business partnerships, the Prophet always applied the principles of justice and mutual benefit (Adas, 2006).

Relevance to Modern Business Context

The findings of the study show that the Prophet Muhammad's business principles and practices have strong relevance to the modern business context:

- **Business Ethics:** The principles of business ethics taught by the Prophet are in line with the concept of Good Corporate Governance (GCG) which emphasizes transparency, accountability, and corporate social responsibility (Adnan et al., 2013).
- **Sustainable Business:** The long-term orientation and balance between profit, people, and planet in Islamic business is in accordance with the concept of sustainable business that is increasingly popular today (Anwar, 2017).
- **Customer-Centric Approach:** Rasulullah's focus on customer satisfaction and building long-term relationships is in line with the modern customer-centric approach to business (Trim, 2009).

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- Ethical Leadership: Prophet Muhammad's leadership with integrity and value-oriented can be a model for ethical leadership in the contemporary business world (Antonio, 2007).
- Social Entrepreneurship: The Prophet's business model that emphasizes the balance between financial gain and social impact can be an inspiration for the development of social entrepreneurship (Anwar, 2017).

Implementation Challenges and Opportunities

Although the concept of Islamic entrepreneurship has great potential, its implementation in the modern context faces several challenges:

- Lack of Understanding: There is still limited in-depth understanding of Islamic economic principles among business people (Hassan & Hippler, 2014).
- Conflict with Conventional Systems: The difficulty of harmonizing conventional business practices with Shariah principles, especially in the financial system (Kayed & Hassan, 2010).
- Standardization: There is no universal standard to measure compliance with Islamic business principles (Ramadani et al., 2015).
- On the other hand, there are great opportunities for the development of Islamic entrepreneurship:
- Large Market: Large market potential, especially in countries with significant Muslim populations (Kayed & Hassan, 2010).
- Alternative Economic System: The Islamic business model can be an attractive alternative to the conventional capitalist system, especially after the various global economic crises (Adas, 2006).
- Product and Service Innovation: Opportunities to develop Shariah-compliant products and services in various industry sectors (Gümüşay, 2015).

DISCUSSION

The findings of this study show that the concept of Islamic entrepreneurship based on the business practices of the Prophet Muhammad has a strong theoretical foundation and relevance to the modern business context. Principles such as honesty, professionalism, and orientation to the benefit practiced by the Prophet can be a solution to various ethical problems in contemporary business practices.

The application of Islamic business principles can encourage more ethical and sustainable business practices. For example, the principles of honesty and transparency can prevent corrupt and fraudulent practices in business. Meanwhile, a benefit orientation can encourage companies to pay more attention to the social and environmental impacts of their business activities.

However, implementing the concept of Islamic entrepreneurship in a modern context requires a holistic and adaptive approach. Efforts are needed to improve the understanding of Islamic economic principles among business people, as well as the development of a regulatory framework that supports sharia-compliant business practices.

Furthermore, this research shows that Islamic entrepreneurship is not only relevant for Muslim business actors, but can also be a source of inspiration for business actors in general in building more ethical and sustainable business practices. The integration of universal values such as honesty, justice and social responsibility taught in Islam can enrich the discourse on global business ethics.

Finally, it should be underlined that implementing the concept of Islamic entrepreneurship is not just a symbolic adoption, but requires internalization of the underlying values and principles. This requires long-term commitment and a paradigm shift in the way we view and conduct business.

The proposed Islamic entrepreneurship theory model offers a holistic framework for understanding and applying Islamic business principles in a modern context. In contrast to conventional business models that often focus only on economic aspects, this model integrates spiritual, ethical and social dimensions into the core of business practices.

The spiritual foundation provides a strong motivational foundation for Muslim entrepreneurs, leading them to see business activities as a means of worship and achieving Allah's pleasure. This is in line with the findings of Gümüşay (2015) who emphasized the importance of spiritual aspects in Islamic entrepreneurship.

The ethical pillars based on the Prophet's traits (shiddiq, amanah, fathanah, tabligh) provide concrete guidance for daily business behavior. This answers the need for clear ethical standards in business practices, as highlighted by Beekun and Badawi (2005).

The value orientation in this model emphasizes the importance of balance between individual and societal interests, in line with the principles of justice and ihsan in Islam. This supports Chapra's (2000) argument on the need for an economic system that is oriented towards collective welfare.

The business practice aspect of this model shows that Islamic entrepreneurship does not ignore modern management principles, but integrates them with Islamic values. This is in line with Antonio's (2007) findings on the relevance of the Prophet's business practices to modern management. The social responsibility element in this model emphasizes that Islamic businesses should contribute to social and environmental development. This supports the concept of social entrepreneurship discussed by

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Anwar (2017). Finally, the concept of dual accountability in this model reflects the Islamic view of a holistic life, where actions in the world have consequences in the hereafter. This provides additional motivation for Muslim entrepreneurs to conduct business ethically and responsibly. This theoretical model can serve as a conceptual framework for further research on Islamic entrepreneurship, as well as a practical guide for Muslim entrepreneurs in running their businesses. However, empirical studies are needed to test the validity and applicability of this model in various business and cultural contexts.

CONCLUSION

This literature review has explored the concept of Islamic entrepreneurship based on the Prophet Muhammad's business practices and its relevance to the modern business context. Some key conclusions can be drawn from this research:

- The Prophet Muhammad's business practices were based on fundamental Islamic principles such as tawhid, justice, freedom, responsibility and *Ihsan*. These principles form a comprehensive and universal framework of business ethics.
- The main characteristics of Rasulullah business practices include honesty, professionalism, quality orientation, focus on customer satisfaction, and fair partnership. These characteristics are in line with modern business management concepts such as business ethics, customer-centric approach, and sustainable business.
- The concept of Islamic entrepreneurship has a strong relevance to the contemporary business context, especially in the aspects of business ethics, leadership with integrity, and corporate social responsibility. The Islamic business model can be an attractive alternative to the conventional capitalist system that is often criticized for ignoring aspects of ethics and social justice.
- Despite its great potential, the implementation of the concept of Islamic entrepreneurship in the modern context faces challenges such as a lack of in-depth understanding of Islamic economic principles, conflicts with conventional systems, and the absence of universal standardization.
- There are significant opportunities for the development of Islamic entrepreneurship, especially in countries with large Muslim populations, as well as in the context of Shariah-compliant product and service innovation.

Overall, this research shows that the concept of Islamic entrepreneurship based on the business practices of the Prophet Muhammad offers a more ethical, sustainable, and benefit-oriented business paradigm. This paradigm is not only relevant for Muslim business actors, but can also provide inspiration for global efforts to build a more just and responsible economic system.

RECOMMENDATION

Based on the research findings and conclusions, several recommendations can be made:

- For Business Practitioners:
 - Integrating the principles of Islamic business ethics in daily business practices, especially aspects of honesty, transparency, and social responsibility.
 - Developing a leadership model with integrity and value-oriented, inspired by the leadership of the Prophet Muhammad.
 - Building an organizational culture that emphasizes the balance between profit and social benefit.
- For Policy Makers
 - Developing a regulatory framework that supports ethical and Shariah-compliant business practices.
 - Encourage the integration of the concept of Islamic business ethics in the curriculum of economics and business education at the national level.
 - Provide incentives for companies that implement sustainable and socially responsible business practices.
- For Academics and Researchers
 - Conduct empirical research to measure the impact of applying Islamic business principles on company performance and community welfare.
 - Developing a more comprehensive theoretical framework on Islamic entrepreneurship that is relevant to the global context.
 - Conduct comparative studies between Islamic business practices and conventional business models to identify areas of synergy and potential integration.
- For Educational Institutions:
 - Integrating the concept of Islamic entrepreneurship in the entrepreneurship education curriculum.
 - Develop training and professional development programs on Islamic business ethics for business people.
 - Encourage collaborative research between the faculties of economics/business and Islamic studies to enrich the discourse on Islamic economics.
- For Islamic Business Organizations
 - Developing standards and certifications for shariah-compliant business practices.
 - Facilitate the exchange of knowledge and best practices among Muslim businesses.
 - Building a global network of Muslim entrepreneurs to encourage collaboration and innovation.

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The implementation of these recommendations is expected to encourage the development of a more ethical, sustainable, and benefit-oriented business ecosystem, in accordance with the example set by the Prophet Muhammad. Furthermore, it can contribute to global efforts to build a more just and responsible economic system.

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