

Historical, Theological, and Theoretical Underpinnings of Islamic and Halal Entrepreneurship



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Abstract In the global business landscape, the concepts of Islamic and Halal entrepreneurship are often misunderstood and misrepresented. This chapter aims to expand knowledge on Islamic entrepreneurship by discussing its historical, theological, and theoretical foundations. By doing so, we hope to improve understanding and acceptance of the developmental ideals behind these two concepts. To answer our research questions, we have critically reviewed scientific papers and systematically analyzed the collected data using a critical literature review (CLR). Drawing insights from 69 articles, we provide detailed explanations of the conceptual definitions of Islamic and Halal entrepreneurship. Additionally, we delve into the historical, theological, and theoretical foundations of these concepts. Furthermore, we identify and address four misconceptions that both Muslims and non-Muslims have about Islamic and Halal entrepreneurship as new ultra-religious concepts in the global business landscape. Finally, the chapter concludes with far-reaching suggestions on how to address these misconceptions on a global scale.

Keywords Halal entrepreneurship · History · Islamic entrepreneurship · Theology · Theory

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1 Introduction

In the global business landscape, entrepreneurship has attracted increasing attention in research, policy, and business circles. Traditional entrepreneurship can be roughly divided into two categories: Schumpeterian entrepreneurship and non-Schumpeterian entrepreneurship. While Schumpeterian entrepreneurship is characterized by risk-taking behavior aimed at radical innovation and high corporate growth, non-Schumpeterian entrepreneurship is characterized by risk-avoiding behavior aimed at imitation and low corporate growth (Dilli et al., 2018). Other more common typologies of entrepreneurship are social entrepreneurship, commercial entrepreneurship, emerging/transitional entrepreneurship, women's entrepreneurship, medical entrepreneurship, and digital entrepreneurship (Herman, 2022; Raimi et al., 2023; Raimi, Dodo & Sule, 2022). Regardless of its variants, entrepreneurship finds relevance across cultures, contexts, and countries due to its transformative nature. Undoubtedly, entrepreneurship has promoted and supported economic progress and prosperity in both developed and developing countries. Some of the outcomes of entrepreneurship include job creation, wealth creation, and innovations that bring tremendous benefits to society (Hitt et al., 2011).

Recently, new variants of entrepreneurship called Islamic and Halal entrepreneurship have emerged. Islamic entrepreneurship refers to starting and managing a business according to Islamic ethics, principles, and values. Its meaning extends to conducting business activities in accordance with the Islamic teachings of fairness, justice, honesty, and compassion (Harizan & Mustafa, 2020). Halal entrepreneurship refers to the practice of establishing and operating businesses and engaging in economic activities that are permitted under Sharia law (Abdullah & Azam, 2020a, 2020b, 2020c) and conform to the principles of ethics, social responsibility, and sustainability.

More importantly, the emergence of Islamic and Halal entrepreneurship has been accompanied by the growth of the Islamic finance industry, which reached US\$2.2 trillion in assets in 2016 and is expected to reach US\$3.8 trillion in 2022 (Denham, 2019). The connection between Islamic finance and Islamic and Halal entrepreneurship can be described as an input–output process. The former serves as an input to mobilize investment funds, while the latter serves as an output to produce goods and services that meet people's needs. The World Economic Forum (2017) noted that the revitalization of entrepreneurship in Islamic finance has the prospect of addressing the United Nations SDGs, as Islamic financial institutions are better positioned to provide better brokerage for small and medium-sized enterprises (SMEs), and infrastructure investments become possible.

As mentioned above, Islamic and Halal entrepreneurship have emerged as ultra-religious entrepreneurship typologies catering to Muslim communities and people with a penchant for Islamic ethical products, services, fashion, cosmetics, health, tourism, and financial solutions (Amir & Abdukic, 2021). Compared to several other sectors, Halal business, which symbolizes the global Islamic economy, is one of the

fastest-growing sectors in the world (Salaheldeen et al., 2022). The global halal business caters to 1.8 billion Muslims with an estimated annual spend of US\$2.2 trillion (Akram, 2022). Halal entrepreneurs in the food, beverage, cosmetics, clothing, and fashion sectors, as well as other essential services, are the main contributors to the global halal business, hence they are often referred to as halalpreneurs (Abdullah & Azam, 2020a, 2020b, 2020c; Akram, 2022).

Although both concepts have their roots in Islam and Islamic laws, they are not attempts to Islamize or force Islamic thoughts on diverse global populations but merely alternative models for deepening responsible production and consumption in the quickly changing world of multiple economic systems following Shariah principles (Hassan, 2016; Madi, 2014). The Shariah principles are derived from the Quran and Hadith, the two primary sources of Islamic laws that guide socioeconomic issues at personal and group levels, otherwise called *Fiqh al-Mu'āmalāt* (Ismail & Arshad, 2009; Yusuf & Raimi, 2021).

One of the proactive ways for marginalized Muslims and ethical Muslim entrepreneurs to overcome social inequality and social exclusion caused by *Riba*, *Maysir*, and *Gharar* is to embrace Islamic business ethics to balance the link between economic opportunities and economic outcomes (A'la Mawdudi, 2013).

We contribute to the existing knowledge in two ways. First, we expand practical knowledge of Islamic and Halal entrepreneurship, which is still in its infancy among Islamic finance professionals, Halal consultants, academic researchers, and students who have ambitions to enter these two fields. Second, we correct inaccurate views of Muslims and non-Muslims on these two religious concepts. In retrospect, Zarabozo (2007; p. 5) explained that the negative views and misrepresentations of Islam are not just a matter of personal religious beliefs. The impact goes far beyond that, affecting world security and politics. Most pernicious, however, is that Islam is misunderstood and constantly portrayed as the source of evil. As a result, many people are prevented from understanding the beauty and priceless truths that Islam and its ideals offer mankind. In these troubled times, it is very important to turn to God for guidance.

In the absence of a simplified article that refutes the grossly misunderstood concept of Islamic and Halal entrepreneurship, this chapter aims to enhance the body of knowledge by discussing the historical, theological, and theoretical foundations of Islamic and Halal entrepreneurship. The goal is to promote understanding and the adoption of these deeply religious ideals. This chapter specifically addresses the following three questions:

- Research question 1: What are the conceptual definitions of Islamic and Halal entrepreneurship?
- Research question 2: What are the historical, theological, and theoretical foundations of Islamic and Halal entrepreneurship?
- Research question 3: What are the misconceptions about Islamic and Halal entrepreneurship on a global scale?

We ask the research questions mentioned above because their answers would guide readers, entrepreneurs, and other stakeholders in better conceptualizing,

embracing, and disseminating the ideals of ultra-religious entrepreneurship for mutually beneficial purposes in the rapidly changing global business landscape. Overall, a better understanding of Islamic and Halal entrepreneurship would help academics, researchers, practitioners, consultants, and policymakers improve the growth of Islamic start-ups and small and medium-sized enterprises (SMEs) by enhancing social and financial inclusion, and by accelerating the achievement of the 17 Sustainable Development Goals (SDG3). The chapter is divided into five sections. Section 1 provides the introductory background, Sect. 2 covers the methodology, Sect. 3 focuses on the conceptual definitions of Islamic and Halal entrepreneurship, Sect. 4 explores the historical, theological, and theoretical foundations of Islamic and Halal entrepreneurship, and Sect. 5 describes the plethora of challenges facing Islamic and Halal entrepreneurship on a global scale. Finally, Sect. 5 concludes with a summary of the discussion and recommendations aimed at strengthening the growth of Islamic and Halal entrepreneurship worldwide.

2 Methods and Analysis Review

This chapter employs a qualitative research method and an interpretive research paradigm. We used the desk research technique, in which academic papers were reviewed to find answers to the research questions. To fill existing knowledge gaps, we critically reviewed scholarly works to uncover the historical, theological, and theoretical underpinnings of Islamic and Halal entrepreneurship following the methods of Yusuf and Raimi (2021). This is useful in providing clarity about the understanding, adoption, and dissemination of the goals of these ultra-religious ideals. The collected data were systematically analysed using a critical literature review (CLR). Operationally, the CLR is a systematic analysis and evaluation of multiple articles and texts on a given topic that, if objectively evaluated and analysed using appropriate language, would yield new insights, more facts, richer insights, and a deeper understanding (Saunders & Rojon, 2011; Saunders et al., 2012). To ensure a degree of objectivity in the selection of academic papers, a search of academic databases for publications on Islamic and Halal entrepreneurship yielded over 130 academic articles and working papers from different parts of the world. The authors used the purposive sampling technique and systematically selected and reviewed 69 articles and texts that are appropriate and relevant to the topics studied, according to the purposive sampling rationale of Raimi et al. (2023).

3 Critical Literature Review

3.1 *Conceptual Issues*

In this chapter, it is necessary to provide an explanation of Islam, Halal, and Entrepreneurship as the underlying concepts. Islam is a comprehensive religion with well-defined beliefs, rituals, and precepts that encompass all aspects of life and offer guidance on rituals, worship, and worldly activities (Muneeza & Mustapha, 2021; Yusuf & Raimi, 2021). Additionally, Islam is recognized as a monotheistic religion that governs and covers every facet of life, including individual, social, material, moral, ethical, legal, cultural, political, economic, and global aspects (Choudhury, 2008). The Qur'an and the Hadith are the primary and widely accepted sources of Islam. The Qur'an is the sacred book revealed by Allah to the Prophet Muhammad (peace and blessings of Allaah be upon him), while the Hadith consists of the Prophet's own words and guidance (Zarabozo, 2007). The principles of Islam are eternal and aim to achieve global peace, human progress, economic growth, and sustainable development. Specifically, the United Nations' seventeen (17) Sustainable Development Goals (SDGs) align with the five (5) thematic goals of Islamic law, known as Maqasid al-Shariah, which include the preservation of religion, life, intellect, offspring, and wealth (Yusuf & Raimi, 2021). Therefore, it is not surprising to witness the emergence of Islamic and Halal entrepreneurship.

The term "halal," when used in Islamic jurisprudence, means lawful or permitted, and its opposite is "haram," meaning unlawful and forbidden. The deeper meaning of halal is a code of conduct or divine law that governs all aspects of the religious and secular life of Muslims. When used in relation to socio-economic and political aspects, halal refers to business activities and transactions conducted in a manner considered permissible in Islam (Johan & Hussain, 2019; Mohamed et al., 2008). Similarly, the term halal, used in relation to consumption, refers to food, beverages, financial services, tourism, and other consumer goods that meet the standards of Islamic law in terms of legality, purity, hygiene, and safety (Johan & Hussain, 2019). Halal has become a significant issue in the rapidly changing business landscape as Muslim consumers worldwide become more informed and knowledgeable about their religion. As a result, they are more aware, selective, and discerning about the types of products and services they consume or use (Temizhan et al., 2000). Muslims around the world are concerned about the legality of what they eat, drink, and do. This renewed consciousness has given rise to the emergence of halal entrepreneurship and the halal industry. Some spin-off words related to halal include halalpreneur, halalpreneurship, halal goods, halal services, halal industry, halal logo, halal certification, and halalization (Gauthier, 2021; Salaheldeen et al., 2022).

Entrepreneurship refers to the discovery and creation of opportunities by individuals and groups who are vigilant, shrewd, and alert to the external environment (Yu, 2001). Stevenson (2000) clearly defines entrepreneurship as the pursuit of opportunities beyond resources controlled by people (entrepreneurs) and organizations (corporate entrepreneurs). Opportunity is the hallmark of entrepreneurship. The concept

of opportunity in the definition of entrepreneurship reinvents itself in four ways: (a) pioneering a truly innovative product; (b) developing a new business model; (c) creating a better or cheaper version of an existing product; and (d) targeting an existing product to new customer groups (Eisenmann, 2013). By developing new business models, entrepreneurship greatly improves the quality of life by creating new technologies and cutting-edge services that make life easier, increase productivity, provide more entertainment, improve healthcare systems, and enhance communication between people and nations through disruptive technologies (Bozeman et al., 2013).

In the fields of Islamic economics and management, the concept of entrepreneurship shares many similarities with the conventional understanding but is not identical in terms of its conceptual framework. This section of the chapter offers a conceptual explanation of entrepreneurship from an Islamic perspective. Prominent scholars in this field, Kayed and Hassan (2013), define Islamic entrepreneurship as the approach to establishing, managing, and expanding businesses and other economic activities within the context of an Islamic economy and society. Similarly, Hoque et al. (2014) define Islamic entrepreneurship as the process of initiating a business to produce goods or provide services that are halal in order to generate reasonable profits. Although Islamic entrepreneurship may appear similar to conventional entrepreneurship, a closer analysis of their fundamental philosophies reveals that while conventional entrepreneurship aims for profit maximization (in the case of commercial enterprises) and maximization of social welfare (in the case of social enterprises), Islamic entrepreneurship has a distinct focus aligned with Islamic principles.

In contrast to conventional entrepreneurship, the goal of Islamic entrepreneurship is double success (*al-falah*), which entails prosperity in two dimensions. The first domain is economic prosperity, profitability, and maximizing social well-being in worldly life. The second domain is the attainment of success in the afterlife by addressing the socio-economic and environmental problems faced by people and communities through entrepreneurial activities (Abdullahi & Ramli, 2019). Comparatively, Halal entrepreneurship refers to the practice of establishing and operating businesses and engaging in economic activities that are permitted under Sharia law (Abdullah & Azam, 2020a, 2020b, 2020c) and conform to the principles of ethics, social responsibility, and sustainability. However, the application of Halal entrepreneurship includes companies that provide Halal products and services, such as Halal food and drink, Islamic fashion, or financial services that comply with Sharia Law on Finance, Fashion, and General Business (Mohsin et al., 2016).

Islamic and Halal entrepreneurship Muslim entrepreneurs, as actors in their business ventures, are by Islamic ethics and regard commercial success as an act of worship to gain Allah's (Machmud & idayat, 202). Furthermore, the nature of entrepreneurial activities, opportunity recognition, innovation, risk-taking, resource management, ethics, and social responsibility (ESR), and sound decision in conventional entrepreneurship are similar to those of Islamic and halal entrepreneurship in several respects (Ramdani et al., 2017). Muslim entrepreneurs are encouraged to be resourceful, creative, proactive, and competitive like conventional entrepreneurs by following ethical standards set by Islamic laws (Javaid, 2022).

Furthermore, Ramdani et al. (2017) examined the identical actions, duties, and goals of Muslim entrepreneurs in the Islamic economy in their research. Additionally, Islamic entrepreneurship and entrepreneurship have been coined to refute the notion that Islam is inherently opposed to modernization and development (Kayed & Hassan, 2010, 2013). Similarly, Islamic entrepreneurship has been justified as a term defining entrepreneurship in Islam (Ratten et al., 2017a, 2017b). The term “halalpreneurship” was coined to describe halal-oriented entrepreneurship and understand the motivation of small and medium-sized enterprises (SMEs) to become halalpreneurs (Soltanian et al., 2016). Entrepreneurs in the halal grocery business have commonly been defined, used, and researched (Rahman & Mohamed, 2011). However, the term “Halalpreneurship” has yet to be defined and operationalized. Therefore, the biggest gap in halal business practice and research is the lack of a globally agreed definition and proper understanding of halalpreneurship (Soltanian et al., 2016). Based on the above, a halalpreneur refers to a Muslim who conducts an entrepreneurial business in the global halal market with the aim of providing only halal products and services while adhering to Shari’ah-compliant business practices (Abdullah & Azam, 2020a, 2020b, 2020c). To offer halal products and services, a halalpreneur must apply for a halal certificate for the specific product or service. Likewise, all Halal criteria are designed in accordance with Maqasid-al-Shariah (Abdullah & Azam, 2020a, 2020b, 2020c).

A review of the current market positions of the various sectors within the halal industry will assist Islamic entrepreneurs and Halalpreneurs in recognizing the business potential within the global halal market. The halal food and beverage sector is the largest segment of the halal industry, second only to Islamic banking, and is followed by modest fashion, media and leisure, Muslim-friendly tourism, halal medicine, and halal cosmetics (Ajaib & Altunişik, 2022; Hassan et al., 2021; Suhartanto et al., 2020).

3.2 Historical Underpinning of Islamic and Halal Entrepreneurship

Entrepreneurship has a long history that can be traced back to the pre-Islamic era within Arab civilization. The Qur’an references the Quraysh tribe, who engaged in caravan trading, journeying to Yemen in winter and Syria in summer to ensure the economic prosperity and social well-being of their community, protecting them from hunger and fear (Qur’an 106:1–4). However, despite the presence of entrepreneurship, the ancient Arab civilization faced challenges due to the lack of proper spirituality, morals, knowledge, and a progressive worldview. It was with the arrival and teachings of Prophet Muhammad (peace be upon him) that entrepreneurship underwent a transformation, bringing about significant changes in its purpose, ethics, and implementation.

The Qur'an reminds us: "He it is Who sent among the unlettered ones a Messenger from among themselves, reciting to them His verses, purifying them, and teaching them the Book and the Hikmah (wisdom)." (The Qur'an 64:2–3).

Machmud and Hidayat (2020) stated that prior to his appointment as the Prophet, Muhammad (peace be upon him) worked with Khadijah bin Khuwaylid as an intrapreneur, learning valuable qualities of Islamic entrepreneurship such as honesty, a strong work ethic, and keeping promises. These ethical qualities earned him the titles Al-Amin (The Trustworthy) and As-Siddiq (The Honest). The history of Prophet Muhammad's commitment to business-oriented entrepreneurship began when he started managing his uncle Abu Talib's business. Later, he was hired as a professional to run Khadijah's business (Razak et al., 2022). Furthermore, when entrusted with political leadership, he transformed the state of Medina al-Munawwarah (Madinah the City of Light) into an inclusive society where Muslims, Christians, and Jews coexisted under the Constitution of Madinah. Funding is inherently tied to entrepreneurship as the former cannot exist without the latter. Some of the Islamic forms of finance that support Islamic entrepreneurship, as pioneered by the Prophet Muhammad (peace be upon him), include:

- i. Wakalah refers to custodianship, where people entrusted their money with the Prophet, Al-Amin.
- ii. Shirkah is a partnership model based on profit-and-loss sharing (PLS).
- iii. Al-Qard Al-Hasan is a benevolent loan that is enjoined by Allah on rich Muslims.
- iv. Salam is a forward contract and sales method that is prevalent among farmers and traders.
- v. Sarf involves the exchange of money, such as gold for gold and silver for silver, within the same sitting.
- vi. Ijarah is the leasing of tools and grains.
- vi. Zakat, Sadaqat, and Waqf are diverse social security nets in Islam.
- vii. Trans-regional trade occurs in trade caravans from Makkah to Syria and vice versa (Hassan, Kayed & Oseni, 2013).

After the era of the Prophet (peace be upon him), early Muslims established their presence in various parts of the world through long-distance trade and entrepreneurship. Some claim that Islam and its ethics were spread by swords and conquests, as the West believes (Rahman, 1980). However, Kuran (2010) discovered that the spread of Islam in the early seventh century CE, like the development of other major religions, required entrepreneurial acts of immense ingenuity. Moreover, Prange (2018) confirmed that during the Middle Ages, one of the most significant transmissions was the spread of Islam along the monsoon coasts of Asia by Muslim merchants who established communities in all the thriving port cities of the Indian Ocean. Islamic beliefs and practices became widespread and encountered diverse societies on a scale comparable only to the initial expansion of the caliphate in the seventh century. He emphatically stated that the movement of Muslim traders along the maritime trade routes was not based on military conquest, political hegemony, or imperial schemes. The spread of Muslim communities in monsoon Asia between the twelfth

and sixteenth centuries coincided with the development of Muslim trade networks. The main actors in this expansion of the medieval Muslim world were not sultans, soldiers, or scholars, but ordinary merchants whose main aim was to make a profit. The personality traits and ethical standards of Muslim traders and missionaries were the unique selling points that led Africans, Asians, and other people to embrace Islam (Ahmed & Yasmeen, 2020; Risso, 2018).

3.3 Theological Underpinning of Islamic and Halal Entrepreneurship

The socioeconomic aspirations of conscious Muslims are shaped and linked to religiosity (Wilson & Ayad, 2021). Furthermore, religion determines an individual's core values and beliefs and shapes their attitudes, behaviors, decisions, and entrepreneurial actions (Khurana et al., 2021; Ramadani et al., 2017). Because Islam covers all facets of life, it provides guidance in rituals, worship, and worldly activities (Muneeza & Mustapha, 2021). It is therefore not surprising that Islamic teachings encourage their followers to become active and innovative business owners and entrepreneurs (Kayed & Hassan, 2010). The theological underpinning of Islamic and Halal entrepreneurship is rooted in Maqasid al-Shariah. The term Maqasid al-Shari'ah means the goals of Shari'ah (Islamic law). Maqasid al-Shariah is used by Islamic jurists to analyze and evaluate bioethical issues to determine their compatibility and relevance to the principles of Islamic law (Yusuf & Raimi, 2021). The analysis of issues based on Maqasid al-Shariah is essentially based on three aspects: intention, method, and output/final goal, while the assessment of issues based on Maqasid al-Shariah is based on human interest hierarchy, inclusivity, and the degree of certainty (Ibrahim et al., 2019).

In the contemporary discourse, Duderija (2014) notes that Maqāṣid al-Sharī'ah also includes concepts such as (a) public interests (al masaliḥ al-ammah), (b) interests (al-masaliḥ al-murs), (c) juridical preference (istiḥsān), (d) presumption of continuity (istiḥsāb), and (e) avoidance of mischief (al-mafsadah). The five Maqāṣid al-Sharī'ah include safeguarding religion (Hifzul Deen), safeguarding souls (Hifzul Nafs), safeguarding intellect (Hifzul Aqel), safeguarding offspring/lineage (Hifzul Nasl), and safeguarding wealth (Hifzul Mal). The application of the five Maqāṣid al-Sharī'ah to economics and entrepreneurship is discussed below.

- i. Preservation of religion: All economic agents (governments, individuals, corporations) engaged in entrepreneurship are believed to exist to protect the sanctity of belief in God, as the lack of access to economic opportunities and employment can lead to poverty and disbelief.
- ii. Preservation of life: Economic actors are expected to work together in economic activities and entrepreneurship to sustain the lives of poverty-stricken communities and individuals at the bottom of the social pyramid through Islam's mission of social justice.

- iii. Preservation of intellect: All economic agents engaged in entrepreneurship, investment, and other economic activities are expected to support and protect intellectual integrity, intellectual property, research results, intellectual rigor, and sound science.
- iv. Preservation of progeny: In the face of moral decadence, all economic actors must find new ways to protect their lineage and safeguard future generations through principled business relationships, ethical entrepreneurship, and noble business ethics, in order to prepare new generations who are resilient and disciplined to achieve socio-economic, environmental, and political development goals.
- v. Preservation of wealth: All economic actors exist to preserve wealth and promote economic and financial activity through ethical institutional governance for long-term socio-economic benefits (Yusuf & Raimi, 2021)

Apart from the five aims of Islamic law discussed above, Ismail and Arshad (2009) have stated that in Islamic economics there are five principles that entrepreneurs and managers must consider for the benefit of society. These principles are:

(a) The principle of right and wrong: The Islamic economic system fundamentally distinguishes between what is permitted (halal) and what is forbidden (haram).

(b) The principle of use: People are obligated to make full use of the gifts bestowed on them by God within the limits of what is lawful (halal) and what is not lawful (haram) prescribed by Allah.

(c) The principle of moderation: Islam unequivocally discourages its followers from going beyond the limits set by Allah, emphasizing moderation and avoidance of extremism.

(d) The principle of economic liberty: Everyone is granted the freedom to be responsible in the world and to reward good deeds and punish bad deeds in the hereafter.

(e) The principle of justice: The Islamic principle of justice operates in production, distribution, consumption, exchange, and other aspects of economic life.

3.4 Theoretical Underpinning of Islamic and Halal Entrepreneurship

Three theories explain the emergence of Islamic and Halal entrepreneurship in modern times: the Maududian Affirmative Islamic Revivalism Theory, the Faith-Based Model (FBM), and the Theory of Islamic Revivalism. These theories provide insight into why these two ultra-religious forms of entrepreneurship have become widespread, particularly among Muslims, and have gained global recognition. According to the Maududian theory of affirmative Islamic revivalism, Muslims are motivated to revive their religion by avoiding undesirable and unethical socio-economic issues in society through a better understanding of the Qur'an, Sunna, and Islamic provisions (Ali, 2012; Yusuf & Raimi, 2021). Applied to Islamic and

Halal entrepreneurship, this theory suggests that Muslim entrepreneurs adopt a more ethical approach in their business practices, investments, and commercial transactions due to their enhanced knowledge of Islam and Islamic laws. On the other hand, the Faith-Based Model (FBM) is an ethical framework that explains how Islamic business models (such as Murabaha, Musharakah, and Ijarah) and Islamic social security (such as CSR, Sadaqat, Waqf, and Zakat) function in contemporary society to promote economic empowerment and address issues like illiteracy, poverty, and unemployment faced by marginalized individuals (Raimi et al., 2014; Raimi, Bello & Mobolaji, 2010). When applied to Islamic and Halal entrepreneurship, this theory suggests that Muslim entrepreneurs incorporate Islamic business models and social security measures into their ventures and business development to achieve the dual objectives of Al-Falah (success). As sole proprietors and entrepreneurs, they bear both economic and social responsibilities.

Finally, the theory of Islamic revivalism states that the socio-economic challenges and frustrations brought about by modernism have forced Muslims to reconsider the liberal conception of religion in favour of an Islamic lifestyle rooted in religious orthodoxy. The proponents of revivalism view Islam as a viable solution to poverty and other socioeconomic disadvantages faced by Muslims (Carvalho, 2009; Yusuf & Raimi, 2021). When applied to Islamic and Halal entrepreneurship, the theory simply explains that Muslim entrepreneurs embrace religious-ethical entrepreneurship, such as Islamic banking, the halal food and beverage business, fashion, media and leisure, Muslim-friendly tourism, halal medicines, and halal cosmetics, due to better awareness and rethinking of liberal thoughts about religion (Ajaib & Altunişik, 2022; Suhartanto et al., 2020; Yusuf & Raimi, 2021).

4 Misconceptions About Islamic and Halal Entrepreneurship

There are several misconceptions and myths about Islamic and Halal entrepreneurship. Firstly, many Muslims and non-Muslims perceive Islam only as a ritual, leading them to consider intrusion into socio-economic activities as extremism. This misinformed notion stems from a poor understanding of Islam. However, Islam actually offers its followers genuine opportunities to venture into different types of businesses while maintaining a balance between making business profits and pursuing spiritual rewards. The combination of economic and spiritual success in Islamic business ethics helps Muslim entrepreneurs avoid deviations from generally accepted business ethics and spirituality (Oukil, 2013). While the Western system uses material incentives to motivate individuals to engage in entrepreneurial activities, Islam mainly relies on moral incentives without neglecting the material incentive (Kayed & Hassan, 2010).

Secondly, Islamic entrepreneurship and halal entrepreneurship are not attempts to Islamize non-Muslims or impose Islamic thought on them. These ideals can be

pursued not only in Muslim-majority countries but also in other contexts. Additionally, the products and services offered in these entrepreneurial endeavors do not necessarily have to be solely focused on the Muslim market (Gumusay, 2015). Islamic economics encompasses two belief-based concepts, namely, Islamic banking and Islamic finance, which provide alternative models within the ever-evolving landscape of plural economic systems. The accusation of Islamization arises due to the adherence of Islamic and halal entrepreneurship to Sharia principles derived from the Quran and Hadith. It should be noted that because these models are rooted in Islam, they must be guided by the two primary sources of Islamic law. The aspect of Islamic law that governs socio-economic affairs at the individual and collective levels is known as *Fiqhu al-Mu'āmalāt*. To ensure inclusivity, Islamic and halal entrepreneurship is subject to conventional laws and regulations enforced by governments and relevant agencies responsible for entrepreneurship and industry.

Thirdly, Islamic entrepreneurship is distrusted by some Muslims and criticized as a call to capitalism, particularly the excessive material acquisitions warned against in the Quran. The right attitude in Islam is modesty and balance. The Quran states: “Seek by means of the wealth that Allah has granted you the Abode of the Hereafter but forget not your share in this world and do good as Allah has been good to you and do not strive to create mischief in the land, for Allah loves not those who create mischief” (The Quran 28:77). According to Mahmud and Hoque (2015), Islamic entrepreneurship is a social duty that involves making basic products such as food, clothing, and shelter available to the buying public. Ideally, it is a collective duty of Muslims (*Fardul Kifaya*), but if it is not fulfilled, it becomes an individual duty (*Fardul Ayn*) for those who are able. In Muslim communities, it is imperative that individuals with entrepreneurial knowledge, skills, and abilities engage in entrepreneurship to produce and provide essential goods, services, and business solutions that meet people’s needs. The Islamic jurists of the Shafi’i school of thought, such as Imam Ahmad bin Hanbal, Abu Hamid al-Ghazali, and Abu al-Farj Ibn al-Jawzi, agree that entrepreneurial activity must be perceived and treated as a social responsibility since life without taking on the responsibility of entrepreneurship is pointless (Abdul Hamid & Che, 2011; Mahmud & Hoque, 2015).

Fourthly, Islam is often perceived as a religion that hinders business development and entrepreneurship, with Muslim theorists only adopting Western and secular approaches and values that are compatible with Islam (Pistrui & Fahed-Sreih, 2010). However, this view is riddled with misinformation. Islam actually grants people free will and freedom to meet their needs using the resources that God provides on earth, based on Shariah principles (Shaheen & Polbitsyn, 2021). Therefore, it could be argued that Islamic entrepreneurship, Islamic finance, and halal entrepreneurship are religious models that aim to demystify the widespread misconception in the public sphere that Islam is a regressive religion that resists economic development (Ratten, Rammal, & Ramadani, 2017a, 2017b).

5 Conclusion, Implications, and Suggestions

The chapter is dedicated to discussing the historical, theological, and theoretical foundations of Islamic and Halal entrepreneurship in order to facilitate the understanding, acceptance, and dissemination of these deeply religious ideals. In the Critical Literature Review (CLR), we provide detailed explanations of the conceptual definitions of Islamic and Halal entrepreneurship. Additionally, we analyze the historical, theological, and theoretical foundations of Islamic and Halal entrepreneurship. Furthermore, we identify and report four misconceptions that Muslims and non-Muslims have about Islamic and Halal entrepreneurship as new religious concepts in the global business landscape. Finally, we make far-reaching suggestions regarding the identified misconceptions about Islamic and Halal entrepreneurship on a global scale.

This chapter presents three theoretical implications. Firstly, discussing the historical, theological, and theoretical underpinnings of Islamic and Halal entrepreneurship provides researchers and practitioners with a well-informed understanding of these religious and Sharia-compliant ideals. Secondly, providing evidence-based information to dispel misconceptions about Islamic and Halal entrepreneurship would strengthen the adoption and spread of this religious entrepreneurship among both well-informed Muslims and non-Muslims. Thirdly, linking Islamic and Halal entrepreneurship to three belief-based theories gives researchers a foundation and opportunity to base their research on any of these theories.

For the future, we suggest the following recommendations to address the misconceptions about Islamic and Halal entrepreneurship.

- i. There is a need for more conceptual, theoretical, and empirical studies on Islamic and halal entrepreneurship to dispel misconceptions and misunderstandings about these alternative entrepreneurship models.
- ii. Islamic universities, Islamic research centers, Islamic banks, and financial institutions, as enablers and strategic partners of Islamic and halal entrepreneurship, need to organize awareness programs and seminars for entrepreneurs and the general public on the prospects of these alternative entrepreneurial models for Muslims and Muslim communities, as the benefits cannot be overlooked.
- iii. The public needs to be educated through the media, radio, newspapers, and schools that Islamic and halal entrepreneurship are religious models that only promote ethical entrepreneurship and socio-economic development based on Shari'ah principles. They pose no threats to non-Muslims.

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