

**Mainstreaming the Third Sector Economics by Adopting
the Principles of Islamic Entrepreneurship: *For
Development with Equity and Social Justice***

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Abstract: *The 'private' and 'public' sector economics found their own strong places to play roles in the mainstream economy. At the end, however, these two systems – the private, popularly called the first sector economy, and the public, called the second sector economy - both individually and jointly have been found seriously inadequate and incapable to ensuring wellbeing of human societies nationally and globally. Responding to such a situation a number of non-conventional approaches like cooperatives and social enterprises, waqaf, foundations, and other non-profit institutions, etc., together called third sector economy, were moved and promoted to ensure social justice and wellbeing of mankind. Initially it emerged as a make-up and defensive strategy of the market-state model to meet the minimum of unmet requirements in the sectors where the market and state have grossly failed. It, thus, played only a subordinate role. As a result, it could not help much to solve the problem of economic inequity, concentration of wealth, and social divides. However it is strongly felt that a broadly based third sector economic model with both not for-profit business like enterprises and for-profit businesses blended with social justice is necessary to play its role as a mainstream model not only for poverty alleviation but also for economic growth to bridge the economic and social divides. Mainstreaming the third sector is the urgent call of the day.*

Islamic entrepreneurship, which is basically a community-centric mode of business initiative, is an antidote to the problem of intolerable economic and social dualism in the

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economies. It is a natural strategy against all forms of capitalist exploitations, like in the past through European colonialism and now through American led terrorism, to control resources. Accordingly it is the natural model for solving the problems of economic inequity, concentration of wealth, and social divides. Therefore, this study finds the Islamic mode of entrepreneurship as most suitable and effective for widening and mainstreaming the third sector economics, more particularly in the developing countries. Johor Corporation (JCorp) in Malaysia and Sheba Polly in Bangladesh are examples of two types of Islamic style third sector enterprises – one is staunchly business like initiative and the other is cost based charity initiative for social benefit. For the development and promotion of the community-centric third sector economics model, the paper recommends for urgently establishing a research and development centre on third sector economics preferably under an Islamic Research and Development Institute in any reputed university.

Key Words: Third sector economics; Islamic entrepreneurship; Social justice; Inequality; Islamic economics; Economic growth and development, Community-centric

1. Introduction

At a later stage of the Roman Era the Puritan and Protestant ethics declared wealth as gift from God; and pursuits of wealth were freed from social and religious stigma, though, on condition that the wealth acquired would be used for righteous purposes. However, this opened the doors for wealth making, giving rise to *a nascent form of capitalism*. The Roman era thus sowed the seeds of capitalism by allowing unrestricted individualism. Roman law and legal structure were accordingly designed to nurture this nascent form of capitalism. This nascent capitalism formally grew up at the hands of Adam Smith and other classical economists and it fully blossomed and flourished at the hands of Alfred Marshall and other neoclassical economists. Adam Smith, the father of modern economics, saw economics fundamentally as the subject involving effective utilization of society's resources for the wellbeing of mankind. Over the time it grew and thrived for the purpose of best achieving that very fundamental goal - the wellbeing of mankind. Its disciplinary development was pursued through ideologically and operationally different two dominant modes – the

market (private sector) and the state (public sector) economic systems. Private sector economy relies on methodological individualism and 'maximization of profit' for individuals on the assumption that individual benefits added together maximizes society's benefits. Thus it puts individual's benefit at the centre. Maximizing individual's wellbeing is maximizing society's wellbeing. It is based on free market competition under the strategy of 'strongest takes it all' following the Darwinist social philosophy of 'survival of the fittest'. On the other hand, the public sector economy relies on the philosophy that society's benefit is the summation of all individual benefits. When the society maximizes its benefits it necessarily maximizes individual member's benefit. Maximizing society's wellbeing is maximizing individual's wellbeing. It puts society methodologically at the centre.

At the hand of Marshall, during the last quarter of the 19th century, economics gained maturity as a social science. It gained greatly in mathematical and technical proficiency to qualify as a science and earn the name 'darling queen' of social sciences (Molla 2005). At that time, market, consisting of competing for-profit firms, was conceived as the sole agent for efficient organization and management of the economy for growth and ensuring wellbeing of the community. However, from the beginning of the 20th century it was realized that market alone could not be trusted to ensure community wellbeing. State involvement and participation side by side with the market was thought necessary. Market was to produce and supply mainly the private goods and the state was to produce and supply primarily the public and collective goods. As a result, market-state partnership in the management of the economy was thought essential for realization of the goals of the economy at national and international spheres. This Market-state mixed economy model was thought necessary to ensuring community wellbeing at national and global levels. Their strengths and limitations in performing at different sectors of the economy eventually made the 'private' and 'public' sector economics find their own strong places in the mainstream economy to play their roles most efficiently. This market-state model gained continued acceptance of the academicians, professionals, and policy makers, for some time. But their serious shortcomings surfaced when the income inequalities within and among nations continued to increase instead of decreasing. Profit maximizing principle without care for social justice led to exploitation and concentration of wealth in the hands of the small group of capital owning business enterprises. The inherent inability of government in handling economic/business operations resulted in gross inefficiency and economic losses and vulnerability of

the public sector enterprises. Therefore the private-public economic model seriously failed to stop the widening of the income and social divides within and among the nations. Income inequalities significantly increased among citizens and among nations. World Development Indicator 2007 reported that 84% of world's population received less than half (46%) of world's income in 2005 (**Todaro and Smith** 2009). The Gini coefficients of world's income and wealth distributions are 0.612 and 0.892 respectively signifying an extremely high inequality of world's income and wealth distribution (**Pinkovskiy** 2010, **Davies** et al. 2006). The richest 1% of adults in the world own 40% of the planet's wealth, and 2% own more than half of global household wealth. Even the wealth inequality within the nation is too high, such as wealth Gini of Japan is 0.55 and USA is about 0.8 (**Davies** et al. 2006). This model even failed to eliminate the most acute forms of poverty in various countries and locations. Excessive emphasis given on self-interested and competitive behavior has weakened the fellow feeling and brotherhood and thus weakened the social bonds among people; it has diminished trust relations and cooperative behavior heightening the sense of vulnerability and fears for the future (**Borzaga** et al. 2009). Increased economic growth has not been matched by increased wellbeing and happiness at national and global levels. Therefore, at the end these two modes – the private, popularly called the *first sector economics*, and the public, called *the second sector economics*- both individually and jointly have been found seriously inadequate and incapable to ensuring wellbeing of nations and human societies. Various attempts were made to remedy the shortcomings of the market-state operated economy model by reducing the size of the public sector through privatization policy. Under the scheme many public sector enterprises were transferred to private sector to avoid inefficiency. But it did not yield expected results pointing to how difficult it is to obtain socially responsible behaviour from agents concerned only with the maximization of their self-interest.

2. Emergence of the Third Sector Economics

Based on failure of the profit maximization model **Blaug** (1980) and **Balogh** (1982) observed that all was not well in the house economics had built; they emphasized the need for a new paradigm to effectively serve its purpose and goal. **Stiglitz** (2009) found it necessary to find a new balance between markets, governments, and other institutions, including not-for-profits and cooperatives with the objective of building a plural economic system with several pillars. Other scholars of the same standing fully support that position. They see cooperatives and

social enterprises as better suited to coordinate collective action and promote collaboration, enhance trust, and increase freedoms. Responding to such a situation a number of non-conventional approaches like cooperatives and social enterprises, waqaf, foundations, and other non-profit institutions, etc., together called *third sector economy*, were moved and promoted as make-up for the deficiency of the two dominant models to ensure wellbeing of mankind. Initially the third sector emerged as a make up and defensive strategy of the market-state model to meet the minimum of unmet requirements in the sectors where the market and state grossly failed. It is typically conceived as an economic model comprising the various not-for-profit and other organizational forms able to perform well in the production of personal and collective services that cannot be provided so efficiently by for-profit or public organizations. It is the kind of social activity that is suitable for carrying out basically by non-profit and non-governmental organizations. It is also known as voluntary sector or non-profit sector. Typically it consists of non-government, and not-for-profit bodies e.g. charities. Cooperatives and social enterprises are the two main movements of the third sector economics.

A Cooperative can be defined as a voluntary organization – farm, business, or other organization - that is owned and managed jointly by its members for a common goal and share the benefits among themselves. It follows the Rochdale principles. The modified Rochdale Principles are: open and voluntary membership, democratic governance, limited return on equity, surplus belongs to members, education of members and public in cooperative principles, cooperation between cooperatives, and concern for community. The key element is that it is basically meant for serving the interest and benefits of its members. Rendering service to the community is only incidental for a typical cooperative.

Social enterprises on the other hand are ‘social mission driven’ organizations. These include both non-profit and for-profit enterprises which apply market-based business approach in their operations to achieve social objectives. These are *business like operations but not for business*. Social enterprise must satisfy a social need and at the same time its activities must be economically sustainable. These are organized under different names with different tendencies in different countries and societies. It may be interpreted as any for-profit or non-profit organization that applies capitalistic strategies to achieve philanthropic goals without any ulterior motive. It is not outright a

charity function. It is, in fact, based on the principle that can be described as ‘doing charity *by* doing trade’, rather than ‘doing charity *while* doing trade.’

Some recent theoretical developments have been helpful in strengthening the academic and analytical arguments for the third sector economics (**Euricse**’s Philosophy 2011):

- i. The new theories of the firm shift from a view of the firm as centred on profit maximization to one as a coordinator aimed at solving society’s problems through the production of goods or services. This new conception of the firm broadens its role by envisaging its use in the production of public and collective-interest goods as well.
- ii. Similarly, the new contributions of the behaviourist school and experimental economics to the analysis of individual behaviours question the hypothesis that every human action, and in particular every economic action, is governed exclusively by self-interest. This school maintains that human actions spring from a mix of motivations (which could be in the nature of intrinsic, extrinsic, self, others, etc.) and are influenced by a general ethical factor of inclination to help each other (brotherliness) and uphold justice and equity. These theoretical developments clearly point to the truth that men are fundamentally ‘ethical social beings’ and secondarily ‘economic beings’. This has been the message of Islam and all other revealed religions.

These two theoretical developments have facilitated explaining why the objective of an enterprise is, or can be, also the solution of a collective problem; these new theories propose to provide the rationale for the third sector economics. Thus, the inability of the dominant models to respond to numerous needs has, among other things, made room for the development and growth of cooperative and social enterprises created by groups of citizens and civic movements specially during the past three or four decades. Under the circumstances the third sector economy is seen as a viable and needed economic model to ensure realization of the fundamental goal of economics– the wellbeing of mankind in the national and global domains.

2.1 Similarities with the goals and objectives of Islamic economics

In terms of its objectives of collective benefit, balanced and just economic development, equitable distribution of income and wealth, and narrowing the income gaps, closer understanding and trust among nations and societies, increased quality and standard of living of all etc. the third sector has close similarity with Islamic economics. Basic goals of economics are allocative efficiency and distributive efficiency and justice and balanced development for all. Distributive efficiency is a value driven function. It includes the universally-desired socio-economic goals of need-fulfillment, full employment, optimum rate of economic growth, equitable distribution of income and wealth, economic stability, and ecological balance, all of which are generally considered indispensable for actualizing human wellbeing. Being driven by profit maximization, the mainstream market economics is highly deficient and inefficient to meet these normative goals for the society. Because of its secularist worldview with materialist and social Darwinist outlook, the conventional economics fails to specify the necessity of individual behavior to serve social interest. The third sector economics emerged in order to make up this deficiency. It makes a frontal attack to the problem by mobilizing and demanding its entrepreneurs work ultimately for the benefit of the society. It puts social benefit as the prime mover of entrepreneurial functions.

Islam's commitment to brotherhood and justice makes the wellbeing (falah) of all human beings its principal goal. This wellbeing is the balanced realization of both material and spiritual needs of human personality (**Chapra** 1993, pp.6-7). Therefore mere maximization of total output cannot be the goal of a Muslim society. Maximization of output must be accompanied by ensuring efforts directed to spiritual health at the inner core of human consciousness and interactions. Economic development can be considered realized only when the need-fulfillment for all, equitable distribution of income and wealth, full employment, and environment protection are satisfied. Islamic economics is founded on the principle of goal realization rather than profit maximization. In Islam, it is ethics that dominate economics and not the other way round. Hence, Islamic system differs from all other economic systems by an 'ethical factor' (**Naqvi** 1981, pp.12-18). This difference is fundamental because ethics epitomize the common values of a society and determine the preference structures of the members of that society. Independence of economics from ethics has no place in this system. In the Islamic perspective ethics set the tone for economics, with the result that the rules of economic behavior are

derived from the ethical norms of Islam. Therefore, it is a value driven system that stands fundamentally to meet the ethically determined and demanded normative goals for the wellbeing of the society. It aims to establish a just and balanced social system – ‘a social environment that brings a sense of community and fellowship in human relationships’ - that demands expressed recognition of justice, human dignity, and compatibility among man, his technology and his natural environment. Such a social environment requires much more than the economic growth and prosperity, much more than the so called efficient allocation of resources. Therefore it supports the view of economic development described by Myrdal as an upward movement of the entire social system, or simply growth plus change in the redistribution of income in favour of the lower income groups, so that economic dualism is avoided. In Islam, however, economic development is viewed as only an element of wellbeing of the society; it is important but only as a contributor to the uplift of human beings in spiritual, material, and social spheres. Its entrepreneurship is geared to ensure expansion of useful production for the benefit and improvement of the human community (*ummah*), improvement in its quality of life allowing enjoyment of conveniences and moderate amount of luxuries, but avoiding extravagance (Molla et al. 1988, pp.199-200).

Therefore, to the extent that community benefits, rather than individual benefits, is the focus and prime mover of the economic and entrepreneurial orientations, the third sector economics and Islamic economics have close similarity; both the systems are basically community benefit driven.

2.2 Limitations in spheres of operation

Unfortunately, from the inception, conceptually, structurally, and functionally these movements were meant and designed as special programs with location of operation primarily in the peripheral areas of the economy, like poverty alleviation, rural and agricultural development leaving the two other models to operate in all the dominant and growth generating sectors of the economy. Some scholars like to insist that the third sector economics are best suited mainly for the provision of personal and community care services (Borzaga and Bacchiega 2003). As a result, it remained outside the mainstream of the economy and could not play any dominant role in the economy. It failed to gain necessary recognition and respectability. Even donors and international agencies also promote cooperatives and

social enterprises only as poverty reduction, and employment generation tools (UNDP 2008).

Asia is fortunate to be the birthplace of several successful and large Social Enterprises (SEs) such as Grameen Bank, The Bangladesh Rural Advancement Committee (BRAC), and Population and Community Development Association (PDA). These enterprises are respected and discussed widely. These few SEs are lucky to receive extensive government and donor supports. Unfortunately the rest of the SEs are small or mid-sized. But in an increasing number of instances, these are accomplishing the socioeconomic goals in both the for-profit and not-for-profit sectors (Shahnaz and Tan 2009). Moreover, Asian SEs are finding increasing opportunities to raise capital. It is very satisfying to note that there is now a rise in governments' interest, availability of Islamic banking and financial services, and availability of *Shariah* (Islamic Principles) compliant funds for promotion of social enterprises as a new sector. But in spite of the invaluable contributions of the third sector economics towards bridging the social divides and achieving the community wellbeing unfortunately it is not receiving expected attention and recognition for necessary development and expansion as potentially a more effective dominant economic model for balanced and sustainable development at national and global domains. It is currently treated as a peripheral activity and is put on the side line in the national economic management. Broadening and Mainstreaming it (bringing it in the limelight with the other two economic systems) is now the most important task in order to make it play the expected role as a dominant and leading economic system for the future world.

3. The Potential of the Sector and Call for Its Restructuring

With its community centric conceptual base and social justice-driven motivation, the third sector stands as the superior economic model for goal realization. It has the best potential for most effectively managing the economy with human face and heart. It qualifies best to take the driver's seat of the economy to realize sustainable growth and development with equity essential for realizing the wellbeing of the human community. Therefore this study aspires and calls for its necessary development and expansion in that direction.

Earlier we noted that the third sector economics conceptually and operationally have remained mostly involved at the peripheral areas and not at the mainstream of the economy. It is now working only as a

filler holding a subordinate position as non-vibrant, non-growth generating, non-progressive, and non-challenging set of activities. Typically it comprises the non-government, and not-for-profit bodies with cooperatives and social enterprises as its two main movements. With this narrow base it is defined to include only the non-governmental and not for-profit economic activities for addressing societies' wellbeing. But profit seeking and profit making is the legitimate right of the entrepreneurs. Without profit the enterprise cannot survive and entrepreneur cannot remain in business. That is why the normal profit, without which the entrepreneur will not be willing and able to continue with the business, is calculated as a part of economic cost. Therefore, the third sector economics should not remain confined to only not for-profit activities. On the basis of its spirit and essence it needs to widen its sphere and domain of operations. However, profit maximizing or seeking unreasonable and excessive profit or profiteering without due regard for social wellbeing is not desirable for the society and cannot be the legitimate right of the entrepreneurs from the point of view of the goals of economics and essence of the third sector economics. The 'not for-profit' narrow base has put serious limitations to its growth and expansion and entry to the growth yielding and more challenging industrial sectors which are called the mainstream economy.

It was highly expected that the third sector economics would play its role as another dominant model working not only for poverty alleviation but also for enhancing economic growth to bridge the economic and social divides. In recent decades, therefore, attention has been given to widen the dimension of its goals and objectives, and expansion of its spheres of operations to find its place as another dominant and more effective economic model for producing development with social justice. If it wants to make its presence felt and play a significant role in ensuring wellbeing of the society it has to rise up and get out of the present subordinate position. It has to expand in terms of conceptual base, domains of operations, and types of enterprises and their objectives to include social businesses and businesses blended with social justice, in addition to the not for-profit activities. Neither not for-profit nor purely profit maximization could be the natural themes of the general and mainstream economic activities in an economy. In fact these may be regarded as limited and special cases. The mainstream economic activities are supposed to be carried out in the environment of the natural theme of doing business (for earning profit) with human face and social justice. Philosopher

Adam Smith in his theory of moral sentiment highlighted that men are endowed with two instincts - self-interest and sympathy faculty. The sympathy faculty refers to feelings for others in the society. Sympathy faculty constantly moderates the self-interested behavior so that others' interests are protected. This being the case, the natural behavior of the entrepreneurs is expected to be doing business for earning profit but within the framework of social justice. Therefore, the restructuring of the third sector economics should capitalize this natural behavior of human being. Accordingly it should accommodate changes to include the following additional types of enterprises: i) 'social businesses' that are basically profit-driven but some operations are social benefit-driven, ii) public private partnership (PPP) enterprises with social benefit as a control factor, iii) all Islamic business enterprises with ethics and social benefit as control factor, and iv) cooperatives, basically for benefits of the members but with some operations devoted to community benefits, etc. It will thereby include all enterprises which have at least a declared policy and some stated operations driven by community benefits. Thus it should be viewed and structured to include the not for-profit enterprises and the for-profit 'businesses blended with social justice' to enable it ultimately become a large and most dominant economic model carrying comparable status with the market-based first sector economics in terms of size and domain of economic activities and share and control of the economy. With this expansion and restructuring, the third sector will be strong enough to significantly influence the first sector to moderate and blend its profit maximizing behavior with equity and social justice. This will produce the best and most desirable set up and combination of operating economic models for ensuring balanced and sustainable growth with equitable distribution of income and wealth and realization of the ultimate goal of economics – the wellbeing of human society at national and global levels.

For this restructuring it will require regulatory provision of registration of enterprises as third sector enterprises specifying their plan of actions to meet their commitment to social justice in their operations. Since for these enterprises profit maximization is not the basic reward, there should be regulatory provisions for rewarding these enterprises as a category by a socially respected trade mark, award of social titles as recognition to the successful enterprises and entrepreneurs, special financial and other supports for these enterprises in the event of any temporary financial crisis or genuine business failures, punishment through withdrawal of the trade mark, social and economic privileges,

etc., in case of their willful negligence to their commitments to social justice. This new regulation may conveniently replace the earlier regulations for NGOs, cooperatives, foundations, Waqfs, etc.

4. Role of Entrepreneurship in Economic Growth and Development

Entrepreneurs are the initiators and drivers of the economy. Importance of entrepreneurship cannot be over estimate in accelerating economic growth and development both in developed and developing countries. Entrepreneurship is a process through which individuals identify opportunities, allocate resources, and create value. An entrepreneur undertakes innovations and initiates an effort to transform innovations into economic goods. In business term the most obvious form of entrepreneurship is a 'startup company' (that starts new businesses). However the concept of entrepreneurship has a wide range of meanings. It may mean a person who pioneers change. It may also mean who wants to work for himself or herself rather than being an employee. Innovative entrepreneurs who are willing to take risks are an essential human resource in any economy. They are in very short supply particularly in the developing countries. Entrepreneur possesses certain qualities that are unique and found in very few individuals in the society.

A more comprehensive and descriptive business definition of entrepreneur could be that, an entrepreneur is one who organizes, manages, and assumes the risks of a business or enterprise. He sees 'problems' as 'opportunities', and accordingly identifies the solutions to those problems and finds customers who are ready to pay for such products/solutions. According to Joseph Schumpeter (1934), he 'is a person who is willing and able to convert a new idea or invention a successful innovation'. He works for change through what Schumpeter called 'the gale of creative destruction' - the process of changing the old to the new. Schumpeter's definition of entrepreneur placed emphasis on his role for innovation such as new product, new production methods, new markets, and new forms of organization. This process of creative destruction through innovations is largely responsible for the dynamism of industries and long-run economic growth. Entrepreneurship therefore is an indispensable function in economic growth for social wellbeing and progress of human civilization.

5. Required Qualities of Entrepreneurs

Entrepreneurial abilities and qualities are very scarce and valuable. These are needed to improve upon what we have and to create new goods and services for progress in human civilization.

5.1 For conventional economics

Various western scholars highlighted the common personal qualities of successful entrepreneurs for the market economics. These are scarce qualities available only in a tiny fraction of the members in the society. An entrepreneur is about more than just starting a business or two, it is about having attitude and the drive to succeed in business. All successful Entrepreneurs have a similar way of thinking. These common qualities they possess can be summarized as follows:

Inner drive to succeed and very ambitious; strong belief in themselves – assertive personality; creative and search for new ideas and innovation; openness to change – dynamic in nature; competitive by nature; highly motivated and energetic – abundance of self-motivation; accepting of constructive criticism and rejection – positive in attitude

But the most essential ones from the perspective of community wellbeing are missing. These are motives to serve the social goals and values, and commitment to ethics and religious values. These are in fact the missing items of personal qualities differentiating them with the Islamic entrepreneurs and, similarly, the entrepreneurs for the third sector economics.

5.2 For Islamic economics

Islam regards entrepreneurship as essential and indispensable for progress of human civilization. Entrepreneurship is essential for effectively exploring and exploiting the existing and potential world resources for economic growth and development for benefit of the human community. In Islam, to indulge in business is to perform an obligatory duty (*fardhukifayah*); having no entrepreneur in a community is regarded as sinful for the entire community. That is how seriously Islam perceives and encourages entrepreneurship. Profits are merely incidental in the fulfillment of this *fardhukifayah*. Emphasizing it as the prime mover, Islam has made entrepreneurship as a societal obligation (*fardulkifaya*) that must be performed even if by one or some members in the society. However, entrepreneurial qualities are very special and rare, and people with such entrepreneurial qualities are very limited in supply. That is why Islam made it a societal

obligation (*farḍulKifaya*) and not a personal obligation. That means the few available entrepreneurs must perform the function of pioneering continued changes through innovations in the economic environment. Since it is a societal obligation it has to be for society's benefit. More people with this quality are available is better for faster and greater wellbeing of the society.

Islam endorses entrepreneurship regardless of it is being opportunity or necessity driven as long as it stands on moral and ethical grounds and conforms with the Islamic code of conduct. Entrepreneurship in Western societies is mainly driven by the prospect of material rewards. Islam has nothing against seeking profit through the creation of, or the engagement in, business ventures. The only condition that must be preserved is the realisation that every business undertaking is a form of religious duty (*Ibadah*) intended firstly to please the Almighty Allah and secondly to satisfy the needs of the society and finally to generate reasonable income for the owners of the enterprise. Islamic entrepreneurship is not against seeking reasonable profit but it puts ethical consideration and community interest at the fore. Islam aspires to create high quality entrepreneurs and productive Islamic entrepreneurship. Thus, Muslim entrepreneurs are permitted and encouraged to be involved only in morally accepted and socially desirable productive business activities. Haram (non-permissible) activities like the activities that involve with alcohol, drugs, usury, prostitution, gambling, and highly speculative business behaviour are strictly prohibited, despite the possibility of their economic viability.

In Islam entrepreneurship is viewed from a larger perspective and the entrepreneur assumes an altruistic role that goes beyond satisfying immediate needs and personal interest. Thus, the 'pursuit of self-interest' and 'self-centered wealth creation' are not the primary motives behind Islamic entrepreneurial activity. Altruistic motives override personal considerations; it is the conviction that self-interest shall be realised as a natural outcome while advancing the society's common welfare (Kayed and Hassan 2010). The personal motives of entrepreneurs for starting their businesses are considered important indicators that explain the status and the direction of entrepreneurship in a country. The ability of the entrepreneurs to orchestrate and lead the economic transformation and to carry out needed fundamental changes in the cultural, social and economic structure of the country depends much on the entrepreneurial motives of new business founders when starting their businesses. Besides being holistic in

approach, Islamic entrepreneurship dictates that the individual must first be a religious person. It is motivated by success which encompasses the world here and the hereafter. Entrepreneurial success, in Islam, is wider in scope and not confined to merely the 'bottom-line' principle of earning profit and material wealth (Radiniz Site 2008). The following philosophical principles describe the nature of the Islamic entrepreneurship: it is an integral part of Islamic religion; Islam encourages its *ummah* to venture into business; doing business is a part of *Ibadah* (good deed); a Muslim entrepreneur (like any other Muslim) is a *Khalifatullah* (Allah's agent) guided by Islamic ethics and values prescribed by the Holy Qur'an and the traditions of the Prophet(*Hadith*).

6. Call for the Islamic Entrepreneurship for Success of the Third Sector

For actualizing this needed expansion for the desired success of the third sector model it requires the right kind of entrepreneurship and entrepreneurs to guide and lead the economy towards development with social justice. As noted earlier, the entrepreneurs functioning in the market-led economy are motivated and driven by profit maximization as the sign and symbol of success. Community wellbeing is only a residual consideration for them. They remain smartly engaged in serving the needs of the *haves* ignoring the cause of the *have-nots*. This, in fact, reinforces and expands the problem than solving it. These kinds of entrepreneurships are harmful and dangerous for the society. These are grossly misfit for the third sector economics. On the other hand, entrepreneurs in Islamic mould are guided by the Islamic etiquettes (ethics) in their search for best serving the cause of mankind. For them the motivating factor is wellbeing of mankind and pleasure of Allah, the Creator. The unique ethical and motivational structure of the Islamic entrepreneurship puts priority to community considerations over the individual benefits of other agents. It puts community as the primary stakeholder of the output of any entrepreneurial action.

Islamic entrepreneurship and entrepreneurs being imbued with Islamic spirit of community wellbeing as a priority fit very well to this structure of the proposed restructured third sector economic model. Applying the principles of Islamic entrepreneurship this sector can grow and expand to its required size to find a large number of its member enterprises are operating in the mainstream and growth sectors of the economy. We propose this kind of mainstreaming of the third sector economics. Only then it can upgrade itself to the dominant

and comparable position with the first sector to effectively play its role to ensure sustainable growth with equity and social justice at national and global levels. However, in most countries of the world, in reality, most entrepreneurs now may lack Islamic conviction and spirituality. Particularly in the non-Muslim countries, entrepreneurships cannot be expected to conform fully to Islamic norms in respect of both the religious and material aspects of the entrepreneurship. Therefore, these cannot be reasonably called fully Islamic entrepreneurships. Under the circumstances, the entrepreneurship which falls short of fully conforming to the religious elements of Islamic entrepreneurship but conforming reasonably fully to all its material aspects and community centric spirit may be conveniently called *Islamic style entrepreneurship*. Under the Islamic style entrepreneurship, output maximization, profit maximization, employee benefits, etc., are all subject to community wellbeing considerations. Profits for the equity holders and benefits for employees are put as residual matters. Therefore, it may be found most suitable and useful for successful functioning of the third sector economics for development with social justice more particularly in the developing countries.

7. Examples of Recent Islamic Style Third Sector Enterprises

In Malaysia, Johor state government's investment agency, Johor Corporation (JCorp) is an example of a successful initiative of Islamic entrepreneurship (Musa 2010). JCorp, through creation of its corporate waqaf, WANCorp, has successfully initiated a new way of doing business under the banner 'Business Jihad' - an alternative to the purely shareholder-centric, business-driven economic model. Its mission and slogan is 'Building wealth for all with Islamic entrepreneurship'. It is formed on the basis of the institution of Waqaf, which in Islamic Law, is a permanent endowment or trust, customarily of real estate, in which the proceeds are spent for purposes designated by the benefactor – usually charitable foundations such as schools, orphanages, hospitals, and mosques, etc. This newly created corporate Waqaf is a legally recognised community-owned corporation that continues in perpetuity, for producing useful goods and services for the society. Profits from it are used solely for reinvestment or to fund community interests in charitable or social causes as a way of bridging the social divides. It is more or less like the 'social business'. It is claimed that the approach largely adheres to the nature and character of Islamic entrepreneurship. Community and social justice are at the core of this alternative way of doing business. Thereby it initiates a shift from the conventional to a community-centric business concept.

This is an example of staunchly business like initiative of Islamic style third sector entrepreneurship.

Similarly, Sheba Polly in Bangladesh is an example of another type of Islamic style third sector entrepreneurship. It is a cost based charity initiative. Sheba Polly (*integrated rural service centre*) (Molla 2008) is one of the two operating arms of the Bangladesh Association for Total Social Advancement (BATSA). It is a field level action program for development. It is an integrated rural development scheme. It is a project of a series of rural services centers, each armed with facilities ranging from hospital, technical institutes, and other services outlets built primarily through local initiatives to provide various social services in the community and motivate members of public commit to social services with the realization that '*serving humanity is serving religion*'. It is to provide at cost six categories of aids under a scheme - '*service according to need and payment according to ability*'. Under the scheme, those who are incapable to pay full cost for the services may apply and negotiate with 'Sheba Fund' management (created for this purpose, with donations and *zakah* receipts from individuals and institutions) for payment of the balance. Recipients of services thus only pay according to their ability. The six categories of development aids are namely:

- Health aid (health first! health for all!)
- Employment generation aid (everyone must have access to work & earning for a living)
- Educational and religious aid (everyone must have access to basic education and religion)
- Legal aid (everybody must have access to justice)
- Socio-cultural aid (everyone must have the right to promote his/her culture and live with social dignity).
- Agricultural Aid (every farmer must have access to modern agricultural technology)

So far only one such service outlet has been established at the suburban village of the district town Brahmanbaria. Being located at the village Bhadughor, it is called Sheba Polly Bhadughor. It has a 10-bed hospital, certificate level nursing (patient management) and medical science and technology programs, handicrafts program, legal

aid program, youth club (called Sheba Club to motivate the youths to social services), etc. However, its success so far has been modest. It is yet to start the agricultural aid and microcredit project. It is still struggling with the teething pains. For its take off and full success it may need some amount of initial backup support from other national and international institutions.

8. Conclusion

The Political economy of the cultures of profit maximizing market economics, founded on the spirit and principle of Darwinist social philosophy of 'survival of the fittest' and tailored to create unjust extreme economic and social imbalances, gave birth to oppression in the past through imperialist colonization of territories and nations, and now through American style terrorism for occupation, domination and control of world's natural resources. To counter these oppressions there emerged various strains of movements and revolutions. However, Islam addresses this kind of oppression (*zulm*) with the call for *Jihad* – a resistance movement and continuous effort for betterment and development against all sorts of injustices and oppression - under the conviction that wherever oppression (*zulm*) occurs, there will arise the brigade of Muslim army to fight it (the principle of '*amr bil maaruf, wannahi anil munkar*'). This gave birth to various types of current revolutions and resurgences for liberation and freedom of the oppressed from the hands of the capitalist terrorist occupiers.

Similarly, Islamic entrepreneurship, which is basically a community-centric mode of business initiative, is an antidote to the problem of intolerable economic and social dualism in the economies. There is indeed the scope to expand and develop the third sector economics to upgrade itself from the level of peripheral activities to the level of mainstream economic activities standing comparably and competitively with the market led private sector (1st sector) economics. Nations and societies which are interested to expand, develop, and mainstream their third sector economies to help establish a balanced and just economic development to bridge the economic and social divides, may need to profitably promote Islamic style entrepreneurship which is by nature not against seeking reasonable profit but which puts ethical consideration and community interest at the fore. It therefore proposes that for credible research and development in the field of community-centric economic model a Centre for Research and Development on Third Sector Economics (CRDTSE) be established preferably under an Institute for Islamic Research and Development in

any reputed university. This Centre or the Institute should also publish an appropriate online free access international journal for promoting their objectives.

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