

Doing Business
in the Global Economy
An Islamic Perspective

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FOREWORD

The information age has certainly swept the globe at an explosive fashion, many times faster than the industrial era. It has brought with it manifold changes, some expected, others completely caught us by surprise. Without it, we face tremendous amount of problems and difficulties in conducting our daily routines and affairs.

Even as late as the 1960s and 1970s, financial institutions had to work extra hours to balance their accounts because they were done manually. Imagine if we are still doing things manually now when the number of customers of financial institutions has increased manifold. We probably would have so much anxiety and stress because we may have to wait months to even get our cheques cleared. Payrolls will have to be prepared two months in advance in order to enable the employees to receive their salaries on time. Payment for utility services will fall behind by three months because it takes a much longer time to generate the bills. Cost of doing business will certainly increase significantly. Hence, we may not have the kind of luxury of time that we are enjoying now.

At the same time, business has become much more competitive. We can conduct business across borders much more easily and cheaply. Multinationals have grown bigger than some *nation states*, employing, not thousands but, hundreds of thousands of employees. The types and varieties of products sold under one roof is beyond our imagination. These giants have forced small scale retailers out of business.

For us to compete in this information-rich world, we certainly need to be creative, innovative and proactive. We have to increase our skill sets, our resilience to changes and challenges and our business acumen that would enable us to stay ahead of others. We can no longer confine ourselves to the domestic market and hope to survive the onslaught of the giants who are already on our shores. We have to learn from them and be ahead of them.

Hence, this book is very timely indeed for probing into the art and science of doing business in the global world. It gives us a very clear idea of what a global world is all about. The main strength of this book is the Islamic dimension within the global environment that it provides, not only in terms of the global business itself, but more importantly, the e-business, the role of small-and medium-sized players, the various risks involved and finally, the importance and role of knowledge in achieving business success.

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May 2010

PREFACE

The global economy has seen an increasing integration of the world markets and economies. In Islam, business is always seen as the major source of income which is in accordance with the hadith of the Prophet (*pbuh*) that said that: "nine-tenths of all *rizq* (the bounty of *Allah SWT*) is derived from commerce (narrated by Ahmad)."

In the global economy, Muslim countries account for about 24.4% of total global area. In terms of population, there is thus, a large population of potential consumers and workers. Therefore, as a group, they account for one-fifth of the world's population. They are well-endowed with potential economic resources in different fields and sectors such as agriculture and arable land, energy and mining, human resources, and forming a vast strategic trading region.

Back in the early Islamic civilization, trade has been global in nature. A Muslim could travel from one end of the Muslim world to the other without a passport. Hence, global business has been in existence since time immemorial, even before the advent of Islam. It was the merchants who had developed the system of doing trade abroad, and wherever they did their trading activities they would carry Islam along with them. Hence Islam was spread to many parts of East Africa, India, China and later Indonesia.

There are six chapters in this book. Chapter 1 introduces the concept of a global economy and its prospects and challenges. Chapter 2 looks at global business from an Islamic perspective and what it means for a Muslim businessman to do business in the global economy. While Chapter 3 expounded on the role and challenges of SMEs in the global economy and Chapter 4 elucidates the prospects of doing business over the web. It also examines the issues related to e-business from Islamic perspectives. Chapter 5 evaluates the risks inherent in doing business abroad and how these risks are managed in order for the business to perform. An Islamic viewpoint on the concept of risk is also dealt with. Finally, Chapter 6 discusses the importance of knowledge in order for

business people to do well in business in the global economy. It also looks into the various steps needed in order to attain a level of knowledgeable pool of human capital.

It is hoped that this book will serve as an addition to the current literatures on global business, in particular, as a reference for those who are keen on getting an Islamic perspective to doing business abroad.

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