DEVELOPING THE ULŪ AL–ALBĀB MODEL FOR SUSTAINABLE VALUE AND WEALTH CREATION THROUGH SOCIAL ENTREPRENEURSHIP

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ABSTRACT

This paper explores the development of the Ulū al–Albāb model for sustainable value and creative creation through social entrepreneurship. The Ulū al–Albāb model refers to capitalizing wisdom with a soul through the focus of seeking the Pleasure of Allah (mardhat Allah) through the obligations as servant (’ibād al–Rahmān) and vicegerent of Allah (khālidah Allah fi al–ard). The study integrates knowledge-based view (KBV) with the Ulū al–Albāb model basis to achieve sustainable value and wealth creation for social enterprises. The primary contribution of this study is the development of model that based on the Ulū al–Albāb into KBV framework as a source to sustain intellectual contribution in terms of dynamism and ability to respond to changes. Knowledge is essential to enable social enterprises to be innovative in terms of producing new products and services to the market. The literature of strategic management and knowledge management suggests that a social enterprise with Ulū al–Albāb model is more innovative and capable of achieving sustainable competitive advantage. However, based on personal interviews with 15 informants, the study observed that social enterprises were keen to adopt Ulū al–Albāb approach due to the business model that emphasises on meeting social and economic ends simultaneously. The informants were convinced with the Ulū al–Albāb approach in sustaining competitive advantage for social enterprises in Malaysia. However, the existing business model needs a minor adjustment to fit the Ulū al–Albāb approach.

Keywords: Social enterprises, Sustainability, Ulū al–Albāb.

INTRODUCTION

In today’s competitive world, every business aims to sustain profitability and competitive advantage on a long term. The primary reason is due to the globalization and liberalization of economy, commerce and trade. Thus, business strategists work diligently to develop business models and assumptions that are comprehensive, rigorous and responsive to the dynamism and fast moving events. Previously, mass production and heavy advertisement dominated the business models to optimize resources for maximum profitability. The era for profitability bottomline has gradually shifted to an era of triple bottomline, namely profitability, people and planet. Under the triple bottomline, the main emphasis is on creating and sustaining profitability and value to the stakeholders.

The stakeholder approach in businesses has made businesses complicated. This situation motivates business strategists and planners to change the business model from mass production to customization in which knowledge and innovation become essential resources for companies. According to Liu, Chen and Tsai (2004), the era of mass production has gone. It is now the era for companies to showcase uniqueness to the stakeholders. Karim and Hussein (2008) argued that businesses are expected to work with the stakeholders in value and wealth creation. In addition, Lewis (2006) contended that businesses would be more sustainable in the long run when the business is imbued with soul (spirituality) element. Osman-Gani and Sarif (2011) argued that the absent of soul is evident in many world corporate scandals. The presence of soul in the individuals who are managing and running businesses leads them to have a big picture worldview, visionary, practical, and always emphasise on value and wealth creation simultaneously. In fact, the business model is targeting at meeting the social ends first while not compromising the meeting of profitability objectives.

This study offers a business model to sustain value and wealth creation through the Ulū al–Albāb model, which is based on the revelation called Tawhidic paradigm. Al-Faruqi (1992, p.5) defined Tawhidic paradigm as a oneness worldview that subscribes solely to the commandment of Allah for the sake of securing the Divine Pleasure. According to Mohd Kamal Hassan (2010, p.187), those who subscribe the Tawhidic paradigm will devote wholeheartedly to the Divine trust and obligations that guided by the revelation and reasoning. The action oriented faith always merge faith and knowledge with an un

ULŪ AL–ALBĀB MODEL

Ulū al–Albāb refers to men of understanding about life and the expectations in life that are guided by the the Tawhidic paradigm. The Ulū al–Albāb model in business refers to the men in business organizations that derive the understanding to conduct business activities with Tawhidic paradigm. According to Mohd Kamal Hassan (2010, p.187), Tawhidic paradigm reflects the Islamic monotheism thinking with a purpose, objective, and goal in life, which is to serve as true servants of Allah (’ibād al–Rahmān),
Men of understanding always work diligently to achieve organizational goals within the individual roles as servants and vicegerents of Allah. They continue to merge faith (imān) and knowledge (ʾilm) to fulfill the trust (amānah) and roles (maṣʿūdiyyah). Zarkasyi (2010) argued that the orientation of men of understanding has to be guided with knowledge that is proper for vicegerent and servant of Allah. The knowledge orientation by Al-Ghazālī is proper for the development of men of understanding due to the nature of knowledge that is divided into religious (al-diniyyah) and rational (al-ʿaqaniyyah) knowledge. Men of understanding gain religious knowledge through the understanding on the sciences of the practical religion (ʿilm al-muʿāmalah), God’s guided knowledge on how the religion can be executed (ʿilm al-shariʿiy), and knowledge that derived from human intellect (ʿilm al-ʿaqliyy). Understanding from the practical religion (ʿilm al-muʿāmalah) integrates the exoteric (zāhir) and esoteric (bātin) sciences. The exoteric (zāhir) sciences include the act of worship (ḥibbat), social ethics (ʿādat), and matters pertaining to dangerous act (muḥlikāt). As for esoteric (bātin) sciences, it is about spirituality dimension.

The second category of knowledge that reinforces the men of understanding is the rational knowledge (ʿulūm al-ʿaqliyyah/ʿulūm ghayr sharʿiyah). Under this category of knowledge, the men of understanding are exposed to fundamental (usūl) and subsidiary (furūʿ) knowledge about life. The fundamental knowledge includes mathematics/logic, natural science (observation and experiment), and investigation science of existence. As for the subsidiary (furūʿ) knowledge about life compliments the fundamental knowledge to be executed.

The men of understanding need both knowledge to equip them with soul and competencies as basis to manage organizations to ensure priorities, resources, and efforts to convert the knowledge into absorptive capability. Zarkasyi (2010, pp.162-164) argued that there are two ways knowledge can be acquired by individuals, namely through human teaching (al-taʿlim al insaniyy) and Divine teaching (al-taʿlim al rabbaniyy). People learn from other people via face-to-face and other instructional ways (Zabeda, 2004, 2008) with monetary or non monetary rewards (Zabeda, 2008). However, the Divine teaching is highly spiritual when the learners acquiring knowledge based on Divine revelation (al-wahy), inspiration (ilhām), reflection and contemplation (al-istighthāl bi al-taṣfakkur). The absorptive capacity to acquire human and Divine teaching is through five capabilities (power), namely common sense (al-hiss al-muṣhtarak), representative power (al-qawwah al-hayāliyyah), estimate power (al-qawwah al-waḥmiyyah), retentive power (al-qawwah al-ḥāfīdah wa al-dhakirah), imaginative power (al-qawwah al-mutakhayyilah al-qawwah al mutafakirah). Figure 2 illustrates the Ulū al-Albāb model in the presence of faith and knowledge to strengthen the men of understanding in executing obligatory duties, Divine roles and expectations. In the mean time, the men of understanding should be aware of the noises and disturbances that could undermine the motivation of the men of understanding in executing the tasks.
SUSTAIN WEALTH AND VALUE CREATION THROUGH SOCIAL ENTREPRENEURSHIP

Wealth creation is the primary objective of business and entrepreneurial activities. The classical and production-based economic theories argued that the creation of wealth through business and entrepreneurial activities is justified as the entities are the means to optimize resources; minimize cost; and maximize profitability. All the classical theories of entrepreneurship argued that entrepreneurship is meant to transform economic resources into wealth for the economy. For example, Cantillon's theory of entrepreneurship emphasized on the essential role of economic agents to transform and optimize economic variables into demanded economic products for the market. The Jean Baptise Say (1767-1832)'s theory of entrepreneurship explained the roles of the participants in the market to work together as social agents to bring betterment to the economy. Likewise, Frank Knight's Risk Bearing Theory of Entrepreneurship (1885-1972) deliberated the risk-taking (uncertainty) has to be calculated and included in entrepreneurship to address dynamic nature of the economy. In the modern economy, Alfred Marshall’s Theory of Entrepreneurship (1910) argued on the four factors of production to give impact to the economy. As for Max Weber’s Sociological Theory (1864-1920) in entrepreneurship argued that human factor plays the driving force of entrepreneurship. In a more conversative mode, Mark Casson's Economic Theory (1945) holds that entrepreneurship is a result of friendly economic conditions. By combining the capitalism and socialism driven theories of entrepreneurship, social entrepreneurship combines both material and people into integrated entrepreneurship concept that includes both profit and social motives. In other words, this concept motivates entrepreneurs to venture into profitable, creative and innovative economic activities that address social and economic values and needs. Thus, it enables entrepreneurs to create wealth and social value sustainably, which is for the present and the future (Tilley and Young, 2006).

When the economy emphasized on capitalism and profit making only, there will uneven economic and social development. This situation leads to imbalance economic and social growth, which leads to non sustainability (Carree, Van Stel, Thurik & Wennekers, 2002). In fact, the entrepreneurial activity should be emphasized on reinforcing entrepreneurs with value and human factor so that entrepreneurial activity can be made more sustainable and caring (Cohen, Smith & Mitchell, 2008). The underlying philosophy of social entrepreneurship imbued enterprises with value and energy to be more sustainable in creating and sustaining wealth and value when enterprises integrate business, people and surroundings for more outcomes (Dyllick & Hockerts, 2002). Wealth creation and accumulation have been embedded in the profit making oriented enterprises.

The concept of social entrepreneurship emphasizes on sustainability in both wealth and value creation. The primary value in social entrepreneurship is to create and sustain wealth ethically. An ethical way of doing business is always align the bottomline of business goal with the expectations, norms and value of the society. The value driven entrepreneurship aims to promote justice and ethical manner in business entrepreneurship. This aim demonstrates the need for long term value creation, both the worldly and the Hereafter (Rahman, 1995). In addition, social entrepreneurship shifts the orientation from ‘short-term’ to ‘long-term’ oriented enterprises with the objectives to fulfill the expectations of the institutional, personal, and organisational factors. However, the radical change in the business environment has motivated enterprises to move to a more sustainable enterprise (Keijzers, 2002).

METHODOLOGY

This study explores the development of the Ulū al-Albâb model for sustainable wealth and value creation through social entrepreneurship. The Ulū al-Albâb model refers to capitalizing wisdom with a soul through the focus of seeking the Pleasure of Allah (mardhat Allah) through the obligations as servant (‘ibād al-Rahmān) and vicegerent of Allah (khālifah Allah fi al-ard). The study integrates knowledge-based view (KBV) with the Ulū al-Albâb model basis to achieve sustainable value and wealth creation for social enterprises. The study used qualitative method through personal interviews with 15 informants among two (2)
policy makers, five (5) entrepreneurship trainers and eight (8) social entrepreneurs in Klang Valley for their views on the use of the Ulū al-Albāb model for sustainable wealth and value creation through social entrepreneurship. The informants were asked between 45 to 60 minutes “Suggest in what ways the use of wisdom and Divine guidelines (i.e. men of understanding approach) in social entrepreneurship contribute to sustainable wealth and value creation?” The feedback of the informants was recorded by note taking because the informants were reluctant to allow audio or video tape recording. The interview results were analysed and the informants were contacted to verify the interview results.

This study uses qualitative research method through personal interview approach. The use of qualitative method allows the study to explore the opinions and views of informants deeply (Rauch, Frese and Utsch, 2005), interactive (Stuart & Abetti, 1990), and more reliable (Wu, 2007).

FINDINGS AND DISCUSSION

This part presents the interview results that were analyzed manually. However, the study did not specify the real name of the informants and their respective organizations due to confidentiality. There were 15 informants (two policy makers, five entrepreneurship trainers, and eight social entrepreneurs) were asked to suggest possible and practical ways on the use of wisdom and Divine guidelines (i.e. men of understanding approach/ Ulū al-Albāb) in social entrepreneurship that can contribute to sustainable wealth and value creation. Table 1 summarizes the informants’ profile.

<table>
<thead>
<tr>
<th>Code</th>
<th>Types of informants</th>
<th>No</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>PM1, PM2</td>
<td>Policy makers</td>
<td>2</td>
<td>Putrajaya</td>
</tr>
<tr>
<td>TE1, TE2, TE3, TE4, TE5</td>
<td>Trainers</td>
<td>5</td>
<td>Gombak, Shah Alam, Nilai, Petaling Jaya</td>
</tr>
<tr>
<td>SE1, SE2, SE3, SE4, SE5, SE6, SE7, SE8</td>
<td>Social entrepreneurs</td>
<td>8</td>
<td>Gombak, Shah Alam, Petaling Jaya, Putrajaya</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>15</td>
<td></td>
</tr>
</tbody>
</table>

PM 1 argued that being religious and committed in the business and entrepreneurial activity has been the properties in the entrepreneurship. Entrepreneurs learnt quickly from the mistakes and rebuild their ventures after recovery. PM 2 however contended that in the era of materialism and intensive capitalism, integrity and ethics have been ignored by the entrepreneurs. PM 2 added that the short-term orientation in the entrepreneurship has reduced an entrepreneurial venture into a typical business activity. With regards to social entrepreneurship, PM 1 contended that the term has been misled by the social activists as a medium to encourage the public to give charity with some tangible return. Based on the feedback of PM1 and PM 2, the term social entrepreneurship is merely social marketing made by corporate entrepreneurs to give a fresh perspective to modern entrepreneurship. Table 2 shows the feedback of policy makers on the use of Ulū al-Albāb in social entrepreneurship to create and sustain wealth and social value.

<table>
<thead>
<tr>
<th>Code</th>
<th>Feedback Ulū albab</th>
<th>Social Entrepreneurship</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>PM1</td>
<td>Religious and</td>
<td>Spirituality imbued</td>
<td>Support the model</td>
</tr>
<tr>
<td></td>
<td>committed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PM2</td>
<td>Integrity, long term</td>
<td>Social activism</td>
<td>Support the model with</td>
</tr>
<tr>
<td></td>
<td>entrepreneurial</td>
<td></td>
<td>modern requirement</td>
</tr>
</tbody>
</table>

Note: Question - “Suggest in what ways the use of wisdom and Divine guidelines (i.e. men of understanding approach) in social entrepreneurship contribute to sustainable wealth and value creation?”

TE1 accepted the use of men’s intellectual ability and personal experiences in running social enterprises. According to TE1, profitability is always the objective in any business. As for TE2, the digital age emphasized on creativity and innovation as basis to formulate and implement organizational strategies that can out-compete the competitors. TE 2 argued that reasoning with Divine guidance is unique because not everyone can get Divine guidance. TE3 contended that training for intellectual wisdom is time consuming task but many people are reluctant to do it. In a different perspective, TE4 argued that training module for social entrepreneurs should include the social motivation element due to the highly interactive nature of social entrepreneurship. As for TE5, social entrepreneurship is very close to the local issues and value system in which human welfare and social well being is highly appreciated. Everyone works on ‘social welfare’ and ‘social wellbeing’ in every economic sector. Table 3 presents the feedback of entrepreneurship trainers on the use of Ulū al-Albāb in social entrepreneurship to create and sustain wealth and social value.
Table 3: Trainers’ Feedback

<table>
<thead>
<tr>
<th>Code</th>
<th>Feedback Ulul albab</th>
<th>Social Entrepreneurship</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>TE1</td>
<td>Intellectual ability &amp; experience</td>
<td>Any business venture</td>
<td>Support the model</td>
</tr>
<tr>
<td>TE2</td>
<td>Creativity &amp; innovation</td>
<td>Digital age related business venture</td>
<td>Support the model</td>
</tr>
<tr>
<td>TE3</td>
<td>Intellectual wisdom</td>
<td>Innovation and creativity/services business</td>
<td>Support the model</td>
</tr>
<tr>
<td>TE4</td>
<td>Social motivation</td>
<td>Any business</td>
<td>Support the model</td>
</tr>
<tr>
<td>TE5</td>
<td>Social welfare and social wellbeing</td>
<td>Social business</td>
<td>Support the model</td>
</tr>
</tbody>
</table>

Note: Question - “Suggest in what ways the use of wisdom and Divine guidelines (i.e. men of understanding approach) in social entrepreneurship contribute to sustainable wealth and value creation?”

Social entrepreneurs argued that the use of wisdom and Divine guidelines in social entrepreneurship is reasonable to create and sustain wealth and value creation. SE1 argued that social enterprises should prioritize the creation of value for the society before creating wealth. According to SE1, the real wealth is embedded in the value that the society is willing to give to the social entrepreneurs. Social entrepreneurs with Ulū al-albāb perspective can apply in the production by producing quality products that can enhance health and purchasing power. SE2 contended that social entrepreneurship is not new to the existing business people. According to SE2, the emergence of new economies that emphasizes on human welfare, environmental reporting, and quality life, every business has to respond to the social trends. Therefore, SE2 emphasized that value and wealth creation have been there in the business but the social part was not really big percentage.

SE3 argued that any business requires the business owners or entrepreneurs to think creatively and innovatively to differentiate their products/services to the competitors. In addition, SE3 pointed out that by being good to the society is rewarding, especially when the existing and potential customers, come back to make more repeat purchases.

According to SE4, the use of wisdom is a norm to the entrepreneurs whether ordinary or social entrepreneurship because they have to think beyond the ordinary citizen or in today’s term called “think outside the box.” SE5 also contended that the use of human intellectual ability is essential to survive, growth and to make fortunate in entrepreneurship or business. However, SE6 argued that the ultimate aim for social enterprises focuses on social value for the society and the enterprises. SE7 pointed that the aim for wealth creation is essential too, not only for the enterprises, but also for the society. SE8 contended that Ulul albab can be achieved through awareness, education, reinforcement and enforcement in the business and the society. Table 3 summarizes the feedback from social entrepreneurs.

Table 3: Social Entrepreneurs’ Feedback

<table>
<thead>
<tr>
<th>Code</th>
<th>Feedback Ulul albab</th>
<th>Social Entrepreneurship</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>SE1</td>
<td>Able to prioritize</td>
<td>Value creation</td>
<td>Support the model</td>
</tr>
<tr>
<td>SE2</td>
<td>Creative and innovative</td>
<td>Dynamic and fast moving</td>
<td>Support the model</td>
</tr>
<tr>
<td>SE3</td>
<td>Able to differentiate</td>
<td>Uniqueness and rare</td>
<td>Support the model</td>
</tr>
<tr>
<td>SE4</td>
<td>Value in ordinary wisdom</td>
<td>Beyond ordinary</td>
<td>Support the model</td>
</tr>
<tr>
<td>SE5</td>
<td>Survival, growth and profitability</td>
<td>Focus on social value</td>
<td>Support the model</td>
</tr>
<tr>
<td>SE6</td>
<td>Focus &amp; niche</td>
<td>Social value</td>
<td>Support the model</td>
</tr>
<tr>
<td>SE7</td>
<td>Value creation</td>
<td>Winning situation</td>
<td>Support the model</td>
</tr>
<tr>
<td>SE8</td>
<td>Awareness</td>
<td>Reinforcement</td>
<td>Support the model</td>
</tr>
</tbody>
</table>
Note: Question - “Suggest in what ways the use of wisdom and Divine guidelines (i.e. men of understanding approach) in social entrepreneurship contribute to sustainable wealth and value creation?”

According to Dacin, Dacin and Matear (2010), social entrepreneurship has no distinctive feature that differentiated it from other types of entrepreneurship. In fact, it has been rebranded to impress the corporate social responsibility element into entrepreneurship (Moss, Short, Payne & Lumpkin, 2010). Schindelhutte, Morris, & Kuratko (2000) emphasised that the survival of entrepreneurship remain on taking of competitive advantages through cross functional activities. However, Waddock & Steckler (2013) argued that when entrepreneurship is linked to social needs and ends, the whole idealism of entrepreneurship is changed with some wisdom and spirituality elements. Volkman, Tokarski and Ernts (2012) pointed that social entrepreneurship has its own uniqueness which may allow the social entrepreneurship to gain sustainability. Likewise, Santos (2009) contended that there is positive thinking and perspective in the social entrepreneurship.

CONCLUSION

The main contribution of this paper is the Ulū al-Albāb model as a thought on how to sustain value and creative creation through social entrepreneurship. The Ulū al-Albāb model refers to capitalizing wisdom with a soul through the focus of seeking the Pleasure of Allah (mardhat Allah) through the obligations as servant (‘ibād al-Rahmān) and vicegerent of Allah (khālifah Allah fi al-ard). The main research question is “Discuss in what ways the use of wisdom and Divine guidelines (i.e. men of understanding approach) in social entrepreneurship contribute to sustainable wealth and value creation?” There were 15 informants (two policy makers, five entrepreneurship trainers, and eight social entrepreneurs) were asked to suggest possible approaches. The study used qualitative method through personal interviews with 15 informants among two (2) policy makers, five (5) entrepreneurship trainers and eight (8) social entrepreneurs in Klang Valley. The study used qualitative method through personal interviews with 15 informants among two (2) policy makers, five (5) entrepreneurship trainers and eight (8) social entrepreneurs in Klang Valley. The feedback of the informants was recorded by note taking because the informants were reluctant to allow audio or video tape recording. The interview results were analysed and the informants were contacted to verify the interview results.

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