

Presenting a supportive model of law and Islamic jurisprudence for social and economic entrepreneurship

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Abstract

The present study was conducted with the aim of presenting a supporting model of Islamic jurisprudence for social and economic entrepreneurship. This qualitative research was developed using content analysis; in this research, the findings of semi-structured interviews with 14 professors of jurisprudence, Islamic law, and entrepreneurship, and legal consultants, as well as reviewing related research were combined and the present model was designed. Accordingly, by analyzing the content of the interviews and research using the 2020 MaxQda software, the relevant dimensions were extracted and the importance and priority of each were determined using the Shannon entropy technique. Based on the research approach, 6 aspects, 26 components, and 76 codes were extracted. Managers and entrepreneurs should adopt and implement effective principles and strategies to achieve positive outcomes. This research presented the supporting model of Islamic jurisprudence for social and economic entrepreneurship in the form of 26 components. Since a comprehensive model for Islamic jurisprudence's supportive solutions for social and economic entrepreneurship has not yet been presented, this research can be beneficial in addressing emerging challenges, sustainable economic development, strengthening social responsibility, adapting to global changes, and developing new markets and business opportunities.

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Extended Abstract

Introduction

The modern global economy is undergoing significant changes that have necessitated a review of traditional models of entrepreneurship and their impact on macroeconomic indicators. In the face of increasing economic inequality and environmental degradation, Islamic entrepreneurship is emerging as an attractive alternative model that is based on ethical principles and based on “Maqasid al-Sharia” (objectives of Sharia). This concept refers to the preservation of the five essentials of religion, life, intellect, progeny, and property, and guides Islamic entrepreneurship towards ethical business practices, profitability with social responsibility, and economic justice (Kamla et al., 2021). The growth of the Islamic economy globally, especially in the areas of finance, halal industries, and social businesses, highlights the need to understand the impact of this entrepreneurial model on macroeconomic stability, including inflation control, employment creation, and equitable income distribution (Mohammed, 2020). Macroeconomic challenges such as unemployment, inflationary fluctuations, and financial exclusion in developed and developing countries require innovative solutions that combine ethical imperatives with operational outcomes (Agustiawan, 2025). Islamic entrepreneurship helps address these challenges through tools such as zakat, Qard-ul-Hasana, and profit-and-loss sharing agreements (Dusuki & Abdullah, 2020). It also helps develop small and medium-sized enterprises, which are the engines of economic growth in Islamic countries (Farooq, 2022).

Islamic social entrepreneurship is a branch of business in Islam that improves the economy of the Ummah. Islamic social entrepreneurship is a socially oriented entrepreneurial activity that is based on the main sources of Islamic law, namely the Quran and Sunnah. Therefore, it can be said that Islamic social entrepreneurship is a non-profit oriented entrepreneurial activity whose main goal is to realize the social values of society and strengthen the Islamic spirit through social activities based on the teachings of the Quran and Sunnah to gain divine pleasure and blessing (Muin, 2017). Fiqh literally means to understand and comprehend. Idiomatically, Fiqh means the knowledge of practical Sharia rulings that are deduced from detailed sources such as the Quran and Sunnah (Al-Baydawi, Bita). There are five main jurisprudential methods agreed upon by scholars of different schools of thought: 1. Al-Amr Bi Maqasidha (Actions are evaluated based on intentions); 2. Al-Yaqin La Yazal Balashk (Certainty does not disappear with doubt); 3. Al-Mushqa Tajalb Al-Taysir (Hardship brings ease); 4. Al-Darar Yazal (harm must be removed); 5. Al-Adeh Muhkamah (custom can be law-making). The concept of Islamic social entrepreneurship is based on the main sources of Sharia, namely the Quran and Sunnah. This concept refers to the Prophet's (PBUH) migration from Mecca to Medina and his successes in improving the economic status of the Quraysh.

Theoretical Framework

Islam shapes the organization in various ways, as all areas of a business such as strategy, organization, human resources, finance, and marketing are influenced by the Islamic perspective. The strategy is expected to be not only profitable, but also in line with worldly socio-economic well-being as well as spiritual growth. The financial aspect of business is very relevant to entrepreneurship. Islam sets certain prohibitions on financing and investing a business activity. In a four-step process, God gradually emphasized that riba, the receipt of interest, is forbidden. Islam encourages some financial (entrepreneurial) partnerships such as mudarabah and partnership. In a mudarabah partnership, one party provides the capital and the other party, the mudarib, performs the entrepreneurial work. In a partnership, different parties provide the capital and some also participate in the management. Financial losses are borne by the capital provider in proportion to the financial contribution, while the

entrepreneur effectively loses the time and effort invested in the project. Profits are shared based on pre-agreed proportions (Gümüşay, 2015). Islam itself may be considered an entrepreneurial religion in the sense that it enables and encourages entrepreneurial activity, i.e., the pursuit of opportunity, risk-taking, and innovation (Kayed and Hassan, 2010). Both the Quran and the Sunnah emphasize pursuit in this world.

When the term “entrepreneur” was introduced to economic theory by the Irish-French economist Richard Cantillon, he considered the entrepreneur as an expert in risk-taking. While the worker has a guaranteed wage, the entrepreneur bears a profit or loss at the end of the business activity. The concept of risk is closely related to the concept of sustenance (income or wealth) – not only in its spelling. For a Muslim, sustenance is ultimately granted by God. Therefore, an entrepreneur needs to trust, rely on God. In this sense, risk is “outsourced” and risk-taking becomes easier. In the financial sector, even a type of commitment is prohibited due to the prohibition of interest. Wealth itself is not allowed to generate wealth. Investment must be associated with risk and the investor himself becomes an entrepreneur and helps entrepreneurs through investment in their business endeavors (Gümüşay, 2015).

Research Methodology

The present study is based on qualitative research in the inductive paradigm and is applied in terms of purpose. In terms of research strategies, it is a qualitative research that analyzes information using the content analysis method and is considered descriptive-exploratory in terms of research objectives. Content analysis is a method for identifying, analyzing, and reporting patterns in qualitative data. This method is a process for analyzing textual data and transforms scattered and diverse data into rich and detailed data. The complete process of content analysis can be divided into three major stages including 1. text analysis and description, 2. text description and interpretation, and 3. text integration and reintegration, six steps including 1. familiarization with the data, 2. creation of initial codes and coding, 3. searching and recognizing themes, 4. drawing a network of themes, 5. analyzing a network of themes, 6. compiling a report (Abedi Jafari et al., 2011).

Research findings

In this research, by considering the meaning of each code, they were categorized into a similar concept, and in this way, the research concepts were determined. Based on the analyses conducted using the content analysis method of interviews and a review of previous research, a total of 6 overarching themes, 26 organizing themes, and 76 basic themes were identified and extracted. The findings from this stage indicate that such a systematic and comprehensive study has not been conducted so far, and each of the studies has focused on a specific aspect and has not been presented as a comprehensive and systematic framework.

Conclusion

Islamic jurisprudence, with its emphasis on concepts such as endowment, khums, and zakat, can provide a suitable platform for financing social entrepreneurship. It is suggested that new endowment institutions be established with a focus on supporting social and employment-creating businesses that specialize in this matter. The use of Islamic financial instruments such as mudarabah, civil participation, and musaqat can be a suitable solution to solve the problem of financing entrepreneurs. These mechanisms create more incentive for investment by reducing risk and fairly distributing profits. Islamic jurisprudence, with its emphasis on concepts such as cooperation, brotherhood, and partnership, can provide a solid foundation for the development of cooperative enterprises. This model can help reduce inequalities and

distribute wealth more equitably. The establishment of Qarz al-Hasanah funds with the mission of supporting social and economic entrepreneurs can help solve the problem of access to financial resources. These funds can operate by prioritizing disadvantaged areas and low-income groups. Islamic jurisprudence can be the basis for developing protective laws for entrepreneurs. This includes simplifying regulations, reducing bureaucracy, and creating legal guarantees for the activities of entrepreneurs. Designing integrated training courses that teach both jurisprudential principles and entrepreneurial skills can help cultivate a new generation of committed Muslim entrepreneurs. The establishment of specialized institutions that can help entrepreneurs solve Sharia-related business issues is essential. These centers can play an important role in resolving issues such as usury suspicions, legalizing contracts, and resolving commercial disputes. Islamic jurisprudence, with its emphasis on business ethics and fairness in transactions, can be the basis for creating distribution networks for goods and services that reduce intermediary costs and increase producers' profits. Designing specific models that allow women to participate while maintaining Islamic standards can help increase the rate of women's entrepreneurship in Islamic societies. Developing Islamic criteria for evaluating business performance in terms of compliance with Islamic standards, social responsibility, and positive impact on society can help guide entrepreneurship in the right direction. These solutions, by utilizing the rich capacities of Islamic jurisprudence and combining it with the needs of the present era, can lead to the creation of a dynamic, fair, and sustainable entrepreneurial ecosystem in Islamic societies. Implementing these proposals requires the cooperation of religious institutions, academic centers, executive agencies, and the private sector to be implemented systematically and in a coordinated manner. It is suggested that future research should use mixed methods such as DEMETL to examine the effectiveness and efficiency of the principles. It is also possible to prioritize the proposed strategies using the Fuzzy Delphi method. The findings are consistent with the research of Yasmeen (2024) and Abd Muin et al. (2019).