

THEORY OF PROFIT : AN ISLAMIC PERSPECTIVE

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ABSTRACT

The writings on profit even in mainstream economics on the subject have been scant and far between; the last full length discussion on the subject presumably was Professor Hasan's *Theory of profit* (1975). And, in Islamic economics too his writings come as fresh air on an eternally neglected and vexed subject. The present work follows in the footsteps of Hasan and picks up the threads for extension where he has left the profit theory over three decades ago. The reason is that his PhD thesis on the subject was the first published analytical investigation of the issues involved since Frank H. Knight's *Risk, Uncertainty and Profit* (1921). Again, it was Hasan who introduced a scientific look in to its Islamic perspective in important publications more than once. His views have been well received in both mainstream and Islamic economic disciplines.

The concept of profit is fundamental not to price theory alone, it is vital also for examining the nature and role of the business firms in modern economies. The Islamic perspective of profits is fairly consistent with free-market capitalist views, i.e. sources and causes of profit, and closely resembles the classical approach to pricing and distribution. In particular, monopolies and price controls are explicitly enjoined against the exploitative character of profit. Nevertheless, an Islamic perspective has much more to offer with regard to the *consequences* of a profit-driven market economy, in particular with regard to its view of the individual as trustee for the wealth of the Ummah, and charged with social responsibilities.

In Islamic economics literature, one comes across the writers who have mostly focused on the theoretical structures and practical considerations of profit-sharing mechanisms, an understandable concentration given the importance of this study to Muslim businesses and entrepreneurs in having religiously-sanctioned methods for contractual relations between the entrepreneur and the factors of production.

Under an Islamic economic system, we explore and state the principles underlying the Islamic conception of profit. In particular the philosophical and religious imperatives that recommend the use of profit sharing as the socially

optimum form of profit distribution, rather than the quasi-rent (for capitalists) and windfall or functional return (for the entrepreneur; depending on economic school of thought) paradigms that pervade the dominant market-oriented economic systems of today's advanced economies. The work would certainly constitute an important first step prompting debate and further research into the phenomenon of profit as it pertains in the real world, as opposed to a sterile, theoretical construct.

Profit has a significant place in all discussions on theories of growth in macroeconomics, especially after the publication of the seminal writings of Michal Kalecki on profit equation in a macroeconomic framework for explaining growth.

Many corporate firms have grown in size quite significantly; they hold bulk of the national investment and are the main providers of employment. Modern is the era of big business. In fact, the firms tend to grow to a level that society cannot afford their failure. It has progressively become an imperative for the governments to bail them out when failing to remain afloat. Bailing out failing firm through cash injections out of public funds is no uncommon so also is not their merger to make them viable.

The basis of much of modern thinking on profit still relies on the classical works and theoretical structures of Adam Smith and his successors. The increasing sophistication in analysis brought by subsequent schools of thought has not come with a substantially different interpretation of profit or its role. This has happened despite the increasing divergence between industrial organization and market structures in classical times and that of the modern industrial era.

The introduction of an Islamic framework to the workings of the market economy can ameliorate the worst of excesses without losing the dynamism that animates it. The concepts of *amanah* and *infaq* ensure the injection of a moral element in business dealings and relations under free enterprise, and the adoption of the principle of profit sharing between the factors of production on the one hand and between the capitalists and financiers on the other provides for distributional equity in incomes.

The actual profit sharing ratios will be determined on the basis of contribution to value with regard to the factors of production. This ensures equitable treatment and distribution of incomes with respect to social welfare for the community at large. The

application of a profit and loss concept to the problem of equitable treatment in the provision of finance is both workable and desirable. As such the thesis will provide a valuable regency insights on all aspects of the theory of profit.

ABSTRAK DALAM BAHASA MALAYSIA

Penulisan tentang untung, hatta dalam ekonomi perdana, masih amat sedikit dan jarang sekali; perbincangan terakhir yang menyeluruh dilakukan oleh Profesor Hasan dengan tulisan berjudul *Theory of Profit* (1975). Malah dalam ekonomi Islam sekalipun penulisan beliau dianggap sebagai memberikan nafas baharu tentang satu subjek yang terus-terus terabai dan kacau. Kajian ini cuba menjejaki langkah yang telah dimulakan oleh Hasan tiga abad yang lalu seterusnya mengutip jalur-jalur pelebaran yang berkaitan dengan teori untung.

Perspektif Islam tentang untung agak seimbang dengan perspektif kapitalis pasaran bebas, iaitu punca dan sebab untung, dan agak bersamaan dengan pendekatan klasik berkaitan harga dan pengedaran. Secara khususnya, monopoli dan kawalan harga adalah nyata berkait rapat berbanding dengan ciri-ciri keuntungan yang boleh dieksploitasi. Walaupun begitu perspektif Islam memberikan pilihan yang lebih luas berkaitan dengan kesan pasaran ekonomi yang berorientasikan untung. Secara khususnya yang berkenaan dengan pandangan bahawa individu sebagai pemegang amanah kepada Ummah, serta tanggungjawab sosial yang digalas.

Melalui literatur ekonomi Islam, kita boleh menemui penulis-penulis yang memberikan fokus terhadap struktur teoritikal dan amali dalam mekenisme kongsi-untung; suatu tumpuan yang boleh diterima kerana kepentingan kajian ini terhadap perniagaan dan usahawan Muslim, supaya bersandarkan kaedah yang diterima pakai oleh Islam, untuk kontrak hubungan yang jelas antara usahawan dan faktor-faktor pengeluaran.

Melalu sistem ekonomi Islam, kita meninjau dan menetapkan prinsip-prinsip yang menjadi asas konsep untung dalam Islam. Secara khususnya falsafah dan pentingnya agama yang menggalakkan amalan perkongsiaan untung sebagai optimum sosial dalam agihan untung, berbanding sewa-kuasi (untuk kapitalis) dan 'durian runtuh' (windfall) atau pulangan berfungsi (untuk usahawan; yang bergantung kepada pemikiran-pemikiran ekonomi) paradigm yang menghalang dominasi sistem ekonomi berorientasikan pasaran, yang terjadi dalam ekonomi moden hari ini. Hasil kerja ini sudah pasti akan menjadi langkah awal yang penting yang mencambahkan perdebatan dan kajian lanjut tentang fenomena untung yang berlaku dalam dunia nyata hari ini.

berbanding dengan bentuk yang bersifat teori dan lompang.

Untung mendapat tempat yang istimewa dalam sebarang perbincangan yang berhubung dengan teori pertumbuhan sesebuah makroekonomi. Apatah lagi selepas julung-julung kalinya terbit tulisan Michal Kalecki yang mengupas isu nilai untung dalam kerangka makroekonomi ketika memberikan penjelasan tentang pertumbuhan.

Begitu banyak firma korporat berkembang dalam saiz yang berpatutan; lalu memegang sebahagian besar daripada pelaburan nasional, dan menjadi penawar pekerjaan yang utama. Zaman moden adalah era perniagaan besar. Malah firma-firma tersebut telah berkembang kepada satu tahap yang mana masyarakat akan terkesan jika firma-firma ini gagal. Sehingga perkembangan firma-firma ini telah memaksa kerajaan untuk menyelamatkan firma-firma ini pada masa-masa tertentu bagi memastikan kelangsungan firma-firma ini. Menyelamatkan firma-firma yang mengalami kejatuhan melalui suntikan tunai dengan menggunakan dana rakyat bukan lagi sesuatu yang luar biasa berbanding gabungan-firma ke arah kelangsungan mereka.

Asas kebanyakan pemikiran moden tentang untung adalah bersandarkan kajian klasik dan struktur teoritikal Adam Smith ataupun pengikut selepasnya. Analisis yang semakin canggih yang ditawarkan oleh pelbagai sekolah-sekolah pemikiran tidak sesungguhnya membawa kesan besar dalam intepretasi untung mahupun peranannya. Ini terjadi walaupun semakin luasnya penyimpangan di antara organisasi industri dan struktur pasaran dalam era klasik, sebegitu juga era industri moden.

Pengenalan kerangka Islam dalam amalan ekonomi pasaran berupaya untuk menambah baik kesan paling buruk lebihan tanpa menyebabkan kehilangan dinamisma yang menandainya. Konsep *amanah* dan *infaq* telah memastikan penerapan nilai moral dalam urusan perniagaan dan hubungan dalam pasaran bebas. Begitu juga dengan penerapan prinsip agihan untung di antara faktor pengeluaran dengan kapitalis dan institusi kewangan bagi pengagihan ekuiti daripada pendapatan.

Kadar agihan untung sebenar akan ditentukan menggunakan asas sumbangan kepada nilai berbanding faktor-faktor pengeluaran. Ini akan memastikan layanan yang saksama dan agihan pendapatan dengan mengambil kira kebajikan sosial masyarakat seluruhnya. Aplikasi konsep untung dan rugi kepada permasalahan layanan yang saksama dalam peruntukan kewangan adalah sesuatu yang dihajati dan boleh dilakukan. Justeru itu tesis ini akan menyediakan resensi pemikiran yang bernilai dalam pelbagai aspek teori untung.

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