

Mobilization Of Resources For Development

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Introduction

The employment of resources is important for any aspect of the spectrum of overall development, be it economic or non-economic, spiritual or material. Although spiritual matters seem to be non-economic in nature, their inculcation and development involve the use of resources. Hence, Allah (SWT) instructs mankind to invest in the development of spiritual values.¹ The spread and establishment of Islam require travelling, dissemination of knowledge, education, publication of literature, use of media, protection of Islamic societies from non-Islamic forces (i.e. internal and external defense), administration of institutions intended for the implementation of Islamic obligations and norms, and the like. Each of these functions requires tremendous amounts of material and human resources.

Economic development comprises two essential components: economic growth and equity in the distribution of income and wealth. Economic growth requires investable resources for producing capital goods, hiring workers and managers, acquiring raw materials, improving technology, and organizing the production process. In particular, capital formation and technological change have been considered as key factors in economic development; the availability of adequate investable resources is a prerequisite for the smooth supply and use of these factors.

The Islamic code of life provides enormous incentives for mobilizing resources, both material and human, and an institutional framework conducive to efficient use of resources for development. This paper, which concentrates on mobilizing resources for development, discusses natural, human and financial resources, as well as the role of government and internal and external institutions in the development process.

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¹The Qur'an 23:10; 2:3; 21:11; 3:134,9:20.

Mobilization and Utilization of Natural Resources For Development

The Islamic norm of life, in contrast to monasticism, considers all natural resources as provisions for the benefit of mankind. Man's work is to explore, develop, and use all available natural resources to enhance the well-being of all human beings in this world and in the hereafter. Man should also develop technology that promotes a better use of natural resources. Let us consider the following Qur'anic verses, which are only a few of the many that discuss natural resources:

- "And there is an abode and a provision for you for a time in the earth."²
- And the earth we have spread out, set thereon firm mountains, made to grow all kinds of things in due balance. And we have provided therein means of subsistence for you . . .³
- And we sent down iron wherein is hardness and advantages for men.⁴
- And it was He who made the sea subservient that you may eat flesh that is fresh from it.⁵

This discussion has three dimensions: (1) All natural resources are given by Allah (SWT); (2) The objective of providing the natural resources is to benefit mankind; and (3) Man is encouraged to explore and develop natural resources by every available means and to use them for the benefit of humanity.

The incentive to mobilize and use natural resources is connected to an instruction from Allah (SWT): "And when the prayer is over, disperse in the world and search for the bounty of Allah."⁶ This does not refer merely to trade; it refers also to utilization of all provisions, including natural resources, that are made by Allah. There is no reason to exclude the natural provisions from the "bounty of Allah."

In the same vein, the Messenger of Allah (SAAS) emphasized employing all opportunities for using the natural resources. He said:

If the Day of Resurrection has approached and any of you is holding

²The Qur'an 2:36.

³The Qur'an 15:19.

⁴The Qur'an 57:25.

⁵The Qur'an 16:14.

⁶The Qur'an 62:10.

a seedling in his hand, he must plant it, if possible, before he stands up.⁷

Obviously, if the *Qiyāmah* is approaching, one will not be able to make use of the fruits of the land or the land itself, which is a natural resource, but still, leaving it unused is discouraged.

This emphasis received legal status in the early Islamic states. It was declared that if a person did not cultivate his land for more than three years, the land would be confiscated and transferred to someone who would cultivate it.⁸

A question may arise concerning the use of exhaustible natural resources, such as petroleum and tin. Excessive use of these resources deprives future generations, causing an imbalance in the inter-temporal distribution of exhaustible resources. It is the Islamic point of view to avoid all waste and excess, but at the same time, to use whatever is needed for the welfare of the present generation.⁹ Whatever is not required by this generation will be left for future generations. Added to this is the knowledge that Allah (SWT), who has created them in the first place, can increase the stock of so-called exhaustible resources.

Thus, there are two dimensions for making use of natural resources: first, mobilization of natural resources, which is simply exploring and owning them; and second, developing and using natural resources for the benefit of mankind. Islam provides all motivations and instructions both to explore and to use natural resources for human welfare.

Mobilization Of Investable Domestic Resources For Development

Mobilization of investable domestic resources for development depends on the availability of adequate sources of investable resources. In general, there are two sources of investable resources: domestic and foreign. Conventional economics includes three main analytical approaches to the study of development finance from domestic sources: the Prior-Saving Approach, the Keynesian Approach, and the Quantity Theory Approach.¹⁰

The Prior-Saving Approach emphasizes savings, with a strong aversion

⁷*Bukhari*, vol. I, No. 2140, Urdu translation by Mirza Hairat Dehlvi, 518.

⁸Abū 'Ubayd, *Kitāb al Amwāl* (Egypt : Dār al Fikr, 1975), 367-68.

⁹The Qur'an 7:31.

¹⁰For a fairly detailed analysis of these approaches, see A.P. Thirlwall, *Financing Economic Development* (London: Macmillan, 1976).

to inflation, as a prerequisite of investment and development; hence, it emphasizes the need for policies to raise the level of savings. The Keynesian Approach emphasizes investment, rather than saving for development in a situation of less than full employment of resources; savings will follow investment, so the planned investment will not be constrained by the shortage of savings. In the case of full employment, however, a higher planned investment will create inflation, so income will be redistributed from the poor, whose marginal propensity to consume is higher, to the rich whose marginal propensity to save is higher. Resources may be mobilized for development through such a redistribution of resources. The Quantity Theory Approach involves creation of new money to produce similar inflationary effects on savings and resource mobilization for development. That is, resources are transferred through inflation from the poor to the rich, causing the total saving to be higher. Mobilization of resources from foreign sources includes loans, aid, and grants.

In Islamic economics, the inflationary Quantity Theory and Keynesian Approaches are not acceptable. These approaches involve unethical and inhumane transfer of resources from the already poor to make the rich richer and cause suffering to the lower income population. Mobilization of resources from foreign sources also has some considerations and qualifications which will be discussed below.

The main domestic source of development finance is savings. The Islamic code of life provides for a good potential of savings. Islam recommends a modest living, avoiding both miserliness and waste.¹¹ This tenet is applicable in all individual, social, political, and public matters of expenditure and celebration, reducing claims on resources; the net effect is expected to be higher savings.¹² Islam also motivates people to save.¹³ When savings are mobilized and invested, they play a role in the development process.

Islam motivates people in three ways to mobilize investable resources:

1. The moral motivation for mobilization and utilization of resources. In line with the Qur'anic norm and the prophetic traditions, Caliph 'Umar (RAA) is reported to have instructed

¹¹The Qur'an 7:31; 17:27.

¹²For a fairly detailed discussion, see the present author's "Economic Growth in an Islamic Economy: Potentials and Priorities." Paper presented at the International Seminar on Islamic Economics, Kuala Lumpur, July 6-9, 1987.

¹³See Ibid. The transfer of resources from the rich to the poor would not significantly reduce the saving power of the rich, since zakah constitutes a small percentage of their wealth. In addition, the elimination of interest does not affect the incentive to save, because the savings and interest do not seem to be significantly correlated.

- Muslims to develop money in one's possession and to cultivate land in one's possession.¹⁴
2. The spiritual and economic penalties for keeping resources idle. Severe punishment on the Day of Judgment has been declared in the Qur'an for hoarding resources in gold, silver, or other forms,¹⁵ because hoarding drains resources from the production process, causes recession, and produces many adverse effects in the economy and suffering in human life. The economic loss is that the hoarder has to pay as Zakah 2.5 percent of the hoarded amount every year. If the hoarder does not invest the hoarded resources, they will gradually be eaten up over time by the payment of Zakah. If a person invests the amount, the Zakah may be paid out of profits and still leave something over.
 3. Economic incentive to use resources for investment. Islam provides a business framework under which a person can invest his resources even as a silent partner. In the *muḍārabah* form of business, a person can pay capital to an entrepreneur to run a business and/or establish an industrial enterprise. The potential profits act as an economic incentive to channel the investable resources to the production process.

All these incentives facilitate the mobilization of resources. If the owner of the investable resources comes forward to invest on his own, the problem is fully or partially solved. He can use his resources and take funds from others if necessary. If he does not intend to get involved in economic activities, he will have a strong urge to let others use his resources on the basis of profit or loss-sharing. The result is that those who look for investable resources for investment should find them easily. The Islamic norm of life is thus favorable for mobilizing investable resources for development.

Institutional Setting For Mobilization of Investable Domestic Resources

Islamic banking presents an efficient institutional setting for consolidating scattered resources from individuals and households. Money can be deposited with the Islamic banks, which invest it directly or indirectly by providing

¹⁴Abū'Ubayd,

¹⁵The Qur'an 9:34.

investable resources to entrepreneurs. There may be a number of arrangements of distributing profits or losses between the entrepreneurs and the Islamic banks. The banks, in turn, share the profits with the depositors.

In this way, those who save even a small amount can channel their resources to profitable economic activities and need not search for potential entrepreneurs. The Islamic banks can do the job as their agents. Individuals can choose to be silent partners in economic activities through the Islamic banking system to earn a profit from their resources. In addition, the savers can invest in other profit-earning shares of economic enterprises. The Islamic financial system provides a number of instruments for investment.

It is, therefore, not true that the elimination of interest limits the alternatives of using resources profitably. It has been shown elsewhere that the Islamic financial system provides better use of resources for a fuller and more efficient allocation of investable resources.¹⁶

It is encouraging to note that the Islamic banks have proven viable and successful even in a non-Islamic financial environment. Although the financial sector is interest-based in most of the Muslim countries of the world, Islamic banks have been operating successfully in many of them.

Muslims residing in non-Muslim countries may try to establish an Islamic bank in order to mobilize, in particular, the savings of the Muslim community for profitable investment. Alternatively, the Muslim community may make cooperative arrangements, for instance, in the form of an investment trust. Such an institutional setting helps mobilize investable resources for development and for the independence of Muslims from involvement in interest-based activities.

The institution of *Khilāfah* (Islamic government) also contributes to the mobilization and use of resources.

The Role Of Government In Mobilizing Resources For Development

The broad economic policy goals of an Islamic government include establishing Islam in the country and propagating it elsewhere, achieving a high level of economic growth by optimal use of resources, achieving equity in the distribution of income, providing for basic needs of the poor, maintaining

¹⁶Interested readers may see the present author's "Banking Revolution and the Problem of Personnel Development," *Thoughts on Economics*, Winter 1986; also by the same author "Economic Growth in An Islamic Economy : Potentials and Priorities." For a detailed discussion of the institutional setting of resource mobilization and utilization, see Dr. Umer Chapra, *Towards a Just Monetary System* (Leicester : The Islamic Foundation, 1985).

law and order, and defending national security. All these functions add to the socioeconomic development of the country. They need resources from a variety of sources, both domestic and foreign. The main sources are as follows:

1. *Zakah*: *Zakah* is a compulsory levy to be paid by the rich through the government to those who need help and for purposes that have been prescribed by the Qur'an.¹⁷ Although an individual has to pay a small percentage of his wealth, the total *zakah* of a country is expected to be quite significant. This is a major source of revenue in an Islamic state.¹⁸
2. *Taxes*: There is a consensus of the 'ulama that income taxes may be imposed when *zakah* revenues and other income are not adequate to meet the obligations of the state.¹⁹ Except for countries that have a large public sector or substantial income from natural resources, *zakah* revenues will not naturally be enough to meet all public expenditure. One reason is that *zakah* revenues may be used only in the prescribed ways, so other revenues must be raised from elsewhere.
3. *Public sector enterprises*: This activity may potentially be another important source of resources for development, depending on the state's involvement in economic activities and/or natural resources.

Besides voluntary donations to government funds, unconditional foreign grants, war booties, and the like constitute additional sources of revenue in the public sector. In particular, Muslim countries can usefully cooperate with each other in resource use.

As a matter of fact, the government accrues enormous revenues from all these sources which it then can use for socioeconomic development. Development-oriented expenditure includes providing social and economic overhead capital, promoting education and propagation of Islam, supplying basic needs, and subsidizing producers. Providing basic needs from the *zakah*

¹⁷The Qur'an 2:110; 9:103.

¹⁸For a further discussion of the developmental effects of *zakah* please refer to the present author's "Islamic Perspectives on Monetary and Fiscal Policies and their Implications for Economic Development." Paper presented at the National Seminar on Fiscal and Monetary Issues and their Implications Toward Economic Development, University Utara Malaysia, 22-23 August 1988.

¹⁹See the present author's "Islamic Perspectives on Monetary and Fiscal Policies and their Implications for Economic Development."

fund can be considered as financing development because doing so will increase productivity.

One of the problems of development finance in the less developed countries is that the farmers consume a part of agricultural credit because of their poverty.²⁰ If zakah can be used to meet their basic needs, the entire agricultural credit can be used for productive purposes. Thus zakah makes a contribution in economic growth as well.

Mobilization Of Resources From External Sources

If domestic resources are inadequate for development, the state may obtain revenues from foreign sources in the form of loans, grants, direct investment, and so on. Each of these forms has its own implications, which should be considered carefully before formulation of any relevant policy.

Loans are based on interest, and interest is not permitted in Islam. Besides, loans involve perpetuating debt servicing, with which the developing world is already overburdened. As a result, the developing countries are required to take additional loans every year just to service the debt, not to mention payment on the principal. Direct foreign investments involve transfer of resources from home to abroad in the form of profits, penetration of alien culture through interactions, and other socioeconomic problems. Grants are better in the sense that no repayment is required.

All these forms of external finance lead to some political and economic control and dominance of the donor countries. They tend to influence the foreign policy of the receiving countries and even control international trade (the direction of their exports and the source of imports). All these factors adversely affect the receiving economies and sometimes outweigh the benefits of external finance.

Muslim countries should therefore be very selective in considering development finance from the non-Muslim world. They should try to avoid any interest-based or -tied loans. They may allow direct foreign investment, but only under favorable terms and conditions. Grants may be accepted if there is certainty that they will not lead to economic and political dominance by the donor countries.

For the Muslim countries, however, a better external source of revenue for development is capital-rich Muslim countries. Muslim countries in general are rich in natural and investable resources, although each individual Muslim country is not self-sufficient in all the resources. Some have abundance of

²⁰This is also true in cottage and small-scale industries.

human resources, while others have investable resources. Some of them are very rich in some natural resources, while others have natural resources.

If the Muslim countries cooperate with each other (a requirement in the Islamic code of life) they can develop in socioeconomic fields without incurring the political, economic, and sociocultural dominance of the non-Muslim, and often anti-Islamic, nations of the world. In particular, the oil-rich capital-surplus Muslim countries can extend their surplus resources to Muslim countries lacking in investable resources but rich in human resources. In a reciprocal way, the labor-abundant Muslim countries can send human resources to those lacking in manpower but abundant in other complementary resources.

Reciprocity within the Islamic Ummah will increase resource use and productivity and will contribute to socioeconomic and cultural development. The sooner the leaders of the Muslim countries realize this fact, the better for their development, integrity, strength, and position in competitive international politics and economic and cultural relations.²¹

Mobilization Of Human Resources For Development

Man is pivotal to development as both instrument and objective. Development is to be achieved for mankind by mankind. Man is an active agent of development, while the other factors are passive. Abundance of nonhuman factors can do very little without human resources. Any economic activity, for instance, requires an entrepreneurial human resource to combine all other factors as well as the work force to produce goods and services. No development can take place without labor and entrepreneurial human resources, be it economic, social, political, or spiritual.

Mobilization of human resources has two important dimensions: developing and motivating human resources.

Development of Human Resources

Human resource development involves professional skill, moral quality,

²¹For further details on economic cooperation among the Muslim countries, see the present author's "Muslims and Development : Present State and Future Potentials." Paper presented at the International Islamic Geography Conference, Kuala Lumpur, 28 August–2 September 1988; also see the present author's "Economic Integration Among Muslim Countries: An Islamic Common Market." Paper prepared for International Seminar on Islamic Common Market to be held in Dhaka.

and physical fitness. The absence of any one factor affects human development and, in turn, socioeconomic development. Therefore, a minimum degree of all three qualities is necessary to achieve any target rate of development.

Creating professional skill requires education, vocational training, and work experience. Development of moral quality also needs knowledge. Islam places an unprecedented degree of importance and emphasis on knowledge and education. It is a religious obligation to acquire knowledge, "acquiring knowledge is obligatory upon every Muslim"²² man and woman.

The obligation of knowledge is not limited to religious rituals; the statement is general, to include whatever knowledge is necessary to obey the commandment, "whenever the prayer is over, disperse in the world and search for the bounty of Allah." If a human being is instructed to search for the bounty of Allah (SWT), the instruction to acquire knowledge should logically include the knowledge of how to seek His bounty. Otherwise, the instructions may appear to be self-defeating.

Allah (SWT) encourages man to ponder the secrets and the signs of His creation in the world and in the solar system. In agriculture, "a sign for them is the earth that is dead; we do give it life, and produce grain therefrom, of which you do eat . . ." ²³ "With it He [Allah] produces for you corn, olives, date-palms, grapes, and every kind of fruit, verily in this is a sign for those who give thought."²⁴ In astronomy, "He [Allah] has made subject to you the night and the day, the sun and the moon; and the stars are in subjection by His command; verily in this are signs for those who have intellect."²⁵ In zoology, "Do they not look at [think about] camels, how they are made?"²⁶ In the social sciences, "And [do they not think about] the earth, how it is spread out?"²⁷ In economics, "...search for the bounty of Allah"²⁸ "so that wealth is not circulated only among the rich of you."²⁹

Thus Allah (SWT) encourages mankind to think, to do research, and to acquire knowledge of physical sciences as well as social sciences like economics. Those who have knowledge of these matters will be in a better position to obey the commandments of Allah (SWT): ". . . search for the bounty of Allah,"³⁰ ". . . do not forget your share of the world,"³¹ and will

²²The Hadith.

²³The Qur'an 36:33.

²⁴The Qur'an 16:11.

²⁵The Qur'an 16:12.

²⁶The Qur'an 88:17.

²⁷The Qur'an 88:20.

²⁸The Qur'an 62:10.

²⁹The Qur'an 59:7.

³⁰The Qur'an 62:10.

³¹The Qur'an 28:77.

be able to realize the existence of Allah (SWT) and His greatness.

Therefore, those who acquire knowledge cannot be equal to those who do not have it. "Are those who know equal to those who do not know?"³² They are not equal. An illiterate man cannot succeed in this world like a knowledgeable one. In the present world, economic development has been found to be closely associated with literacy and the level of education, which is a means of knowledge. Success in the hereafter by following the Islamic code of life depends heavily on the knowledge of Islamic norms and values and of obligatory rituals. A person can truly realize the greatness of Allah (SWT) only when he really appreciates His signs in creation as suggested and guided by the Qur'an. This knowledge is a key to the fear of Allah (SWT) and the performance of *ibādah*. "Those really fear Allah among His servants who have knowledge."³³

The key to knowledge is education. The process of education has been emphasized in Islam so much that the first instruction and commandment from Allah (SWT) to mankind has been to read and study. "Read in the name of your Lord who created.... Read, and your Lord is the most bountiful, who taught by pen."³⁴

Thus, education covers both professional and moral knowledge. A Muslim should be efficient in his or her professional work to perform the assigned duty with the utmost skill and proficiency and be a true Muslim in carrying out his or her obligations to the creator in doing the rituals and following the Islamic norms in every deed, be it economic, social, or political, in all walks of life.

Physical fitness is an important aspect of human resource development. An efficient person with high skill, knowledge, and experience cannot accomplish much if he/she is not physically able and fit to assume duties. Intake of adequate food without excess has been emphasized in the Qur'an. "Eat, drink and do not waste."³⁵ Cleanliness in one's body, clothing, food, dwelling houses, and environment has been declared as a part of *īmān* (belief system).

Human beings are subject to the risk of disease and have been asked to seek medical treatment as and when needed. "Make use of medical treatment, for Allah has not made a disease without appointing a remedy for it, with the exception of one disease, viz, old age."³⁶ The Prophet (ṢAAS) said,

³²The Qur'an 39:9.

³³The Qur'an 35:28.

³⁴The Qur'an 96:1, 3-4.

³⁵The Qur'an 7:31.

³⁶*Mishkat al Masābīh*, reported by Usama b. Sharik and transmitted by Ahmad, Tirmizi, and Abu Daud, English translation by James Robson (Lahore: Sh. Muhammad Ashraf, 1964), vol. III, 947.

“There is a medicine for every disease, and when the medicine is applied to the disease it is cured by Allah’s will.”³⁷

Physical health makes a person fit for work, professional knowledge contributes to skill and efficiency, and moral quality provides incentive to carry out duties with utmost sincerity, honesty, and responsibility. Islam emphasizes all of these elements of human development which, in turn, contribute to the socioeconomic, political, and cultural development of mankind.

Human Resources for Economic Development

Human resources drive growth and economic development. Inadequacy in this area is a limiting factor in the development process. Man has two important roles in production: entrepreneurship and labor.

Entrepreneurship refers to the human service which organizes an economic activity starting from the idea: acquiring the factors of production and combining them; formulating policies concerning when, where, and how much to produce and what technology to use; deciding when, where, and how to market; and creating innovation in production technology, management, and marketing.

Labor refers to human service, physical or mental, tangible or intangible. Labor helps entrepreneurs produce goods and services and to store and market them. Labor is an important factor of production, because entrepreneurs cannot operate an economic activity without labor.

The Islamic code of life provides all kinds of motivations for the mobilization of both the categories of human resources: labor and entrepreneurship. Working for a *Ḥalāl* (permissible) living has been declared a religious obligation after obligatory rituals.³⁸ Earning a livelihood by one’s own hand has been evaluated as the best source of living.³⁹ Accordingly, all the prophets (AS) have also been observed to work for a living.

If there are two options available for livelihood, one to receive the means of living without any effort, and the other to earn a living by work, Islam prefers the latter and discourages the former. “The upper hand [who gives] is better than the lower hand [who receives].”⁴⁰ As a matter of fact, Islam goes to the extent of giving a general principle: “Man gets nothing but what he works for.”⁴¹

³⁷Ibid., 945. Reported by Jabir and transmitted by Muslim.

³⁸*Mishkat*, Kitabul Buyu’.

³⁹Nasai, Sunan (Cairo: Muṣṭafa al Bābī al Ḥalabī, 1964), vol. VII, 212.

⁴⁰The Hadith.

⁴¹The Qur’an 53:35.

Such a motivation to work is not only for worldly achievements. There are two related dimensions of achieving the *falāḥ* (success) in the hereafter. First, as mentioned earlier, working for economic achievements is required and encouraged by Allah (SWT) and His Messenger (ṢAAS). Work must, therefore, be a rewardable deed. In fact, economic work is treated as *ibādah* (worship) provided it is in line with Islamic norms and values. Second, when an income is earned by work, a part of it is to be spent in the way of Allah which is directly a reward-earning act.⁴²

The economic code of Islamic life assigns tremendous importance to the mobilization of human resources for the growth of entrepreneurship. Both spiritual incentives and economic motivations have been given to encourage an adequate supply of entrepreneurship for economic development.

In spiritual motivation for mobilization of human resources, one is encouraged to recognize entrepreneurship as a high spiritual value. The general commandment from Allah (SWT), “. . . search for the bounty of Allah,”⁴³ really refers to entrepreneurship. The word “search” is clearly something beyond just working for others. In fact, “search” and “research” do not imply a mere entrepreneurial activity, but rather they refer to a high quality of entrepreneurship with innovative pursuits and ventures able to employ the bounties and resources given by Allah (SWT).

Besides such general motivations for entrepreneurial activity, entrepreneurship in particular fields is specifically encouraged. The Messenger of Allah (ṢAAS) said, “A faithful and trustworthy trader or businessman will be with the prophets, *Ṣiddīqīn* [i.e. those who have the highest status of truthfulness in Islam] and martyrs on the Day of Judgment.”⁴⁴ These are obvious spiritual incentives for entrepreneurship.

Economists suggest that the profit motive is the driving force for risky entrepreneurial activity. If this is true, Islam provides enough profit motive. The Prophet (ṢAAS) says, “Nine-tenths of livelihood lies in business.”⁴⁵ A high profitability of business has been indicated here which the people are encouraged to achieve. Some others suggest that achievement motivation is the activating factor in entrepreneurship development.⁴⁶ If this is the case, Islam seems to provide the highest motivation for achievement. “Compete

⁴²The Qur'an 23:10; 2:30; 21:11; 3:134; 9:20.

⁴³The Qur'an 62:10.

⁴⁴The Hadith.

⁴⁵The Hadith quoted by Maulana Zakaria in *Fadail-i-Tabligh* (Dhaka: Tablighi Kutubkhana, 1982), 74.

⁴⁶See, for example, David C. McClelland, “The Achievement motive in Economic Growth,” in *Entrepreneurship and Economic Development*, Peter Kilby, ed. (New York : The Free Press, 1971), 109-22.

to achieve what is good."⁴⁷ "A person gets whatever he works for."⁴⁸ These are clear motivations for achievement.

In addition, an entrepreneur has been fairly protected from the burden of losses in the institutional setting of development finance. For example, in *muḍārabah* business, losses are borne by the contributors of capital, and not by the entrepreneurs. This state of affairs tends to motivate the entrepreneurs to undertake risky but highly profitable projects.

Thus, Islam provides all possible motivation for mobilizing potential human resources for the growth of entrepreneurship, the key factor in economic development.

Human Resources for Socio-Political Development

Islam significantly stresses the social and political development of any society. Its objective is to create a happy, sound, and peaceful society full of mutual cooperation, honor, respect, assistance, brotherhood, and a pleasing neighborhood. Achieving such a society involves dedicated service of social leadership and volunteers. Islam provides strong motivation for people to come forward to spend money and time in social service. Please ponder on the following citations.

1. He is not a *mu'min* who eats a full meal and his neighbors suffer from starvation.⁴⁹
2. Be kind to those who are in the world, He who is in the heavens shall be kind to you.⁵⁰
3. He who is in the service [help] of his brother, Allah (SWT) will be his help.⁵¹

The Islamic Ummah is like a single body; if a part of it pains, the entire body feels the pain; when a part gets relief, the entire body feels its pleasure.⁵² Relieving people from sufferings, creating utilities for social benefit, and so on, require a considerable amount of voluntary social service, which is highly regarded in the Islamic code of social life.

Attaining and maintaining social harmony is an imperative of an ideal

⁴⁷The Qur'an 53:39.

⁴⁸The Qur'an 53:35.

⁴⁹The Hadith.

⁵⁰The Hadith.

⁵¹The Hadith.

⁵²The Hadith.

society. The members of the society and the social leadership, in particular, need to provide a voluntary service in this regard. Allah (SWT) instructs the people, "If two parties among the believers fall into a quarrel, you make peace between them; but if one party transgresses against another, fight the transgressor until he complies with the command of Allah; but if he complies, then make peace between them with justice and be fair, for Allah loves those who are fair and just."⁵³

Muslims are thus required to involve themselves in social harmony and development, starting from the family through the neighborhood to the society at large.

Human service is also needed in political development. Maintaining law and order, providing for internal and external defense, propagating and establishing Islam at home and abroad, facilitating overall development of the people, supervising the implementation of Islamic values through the *hisbah* role of the government, providing for basic needs, and ensuring human welfare are among the necessary functions that the political authority assumes in a society. Besides, the implementation of the *hudūd* (criminal laws of Islam), establishment of *zakah* and the realization of several other *sharīḥ* matters depend on the institution of the caliphate. The establishment of the Islamic code of life can never be complete without the institution of the state. That is why the first thing the Prophet (SAAS) did after arriving at Madinah was to establish the Islamic state, to make treaties of peace with the non-Muslim communities and to provide leadership of the state. The caliphs as well followed his footsteps.

While every Muslim has the responsibility to work for the establishment of an Islamic state, a group of Muslims will have to come forward to provide this great service.

Establishing an Islamic state is important not only for the benefit of the people within the Islamic state, but rather also for taking care of Muslim minorities in non-Islamic societies. Allah (SWT) says, "And what happened to you that you do not fight in the way of Allah, whereas weak men, women, and children are [crying for help] saying, O Lord, rescue us from this place whose people are oppressors, and raise someone for us from you who will protect us, and raise someone for us from you who will help us."⁵⁴

Therefore, it is a noble responsibility of Muslims to establish an Islamic state for the benefit of the Islamic Ummah, for the establishment of Islam at all levels, and for the protection of Muslim minorities in the non-Muslim world.

⁵³The Qur'an 49:9.

⁵⁴The Qur'an 4:75.

Mobilization of Human Resources for Moral Development

Human welfare can never be complete without moral development, no matter how much is achieved in economics, politics, and so on. Islamic moral development requires *da'wa* activities. Every Muslim by definition is a *dā'i* (caller) towards Allah (SWT) and towards His way of life, which is Islam. In appreciation of *dā'i*, Allah says, "Who is better in speech than the one who calls to Allah . . ." ⁵⁵ In defining the functions of the Islamic Ummah, Allah says, "You are the best of nations, evolved for mankind; your function is to enjoin what is right, to forbid what is wrong, and to believe in Allah . . ." ⁵⁶ The Muslim nation (the Ummah) of the last Prophet has been characterized as the best nation because of its specific *da'wa* quality and responsibility. Other nations (the Ummah of other prophets) had not been entrusted with this function. Since there will not be another Prophet, the *da'wa* work is delegated to the Muslims; hence they are the best Ummah, possessing the best function, the function of the prophets.

Although, *da'wa* activity is a general responsibility of every Muslim, there should be a group of persons specifically devoted to this noble activity. Allah (SWT) says, "Let there be a band of people inviting to all that is good, enjoining what is right, and forbidding what is wrong; they are the ones who will attain *falāh* (success)." ⁵⁷

Thus, Islam requires every Muslim to practice devotion, some full time and some only part of the time, to the moral development of the people in line with Islamic norms and values.

Concluding Remarks

The preceding discussion leads to the following conclusions.

1. Development needs resources. The major resources are natural resources, investable resources (domestic or external), and human resources. Islam emphasizes mobilization, development, and use of these resources for development.
2. In the Islamic code of life, in contradiction to monasticism, all the natural resources are considered Allah's provisions for the benefit of mankind. Their exploration, development,

⁵⁵The Qur'an 41:33.

⁵⁶The Qur'an 3:110.

⁵⁷The Qur'an 3:104.

- processing, and use have been ordained in Islam. Man should use these resources for his benefit without waste, taking what is necessary and leaving the rest for succeeding generations.
3. An Islamic economy has good potential for accruing investable resources from domestic sources, mainly from savings. Islam gives all incentives to mobilize domestic savings and penalizes hoarding.
 4. Motivations are less effective if the institutional arrangements for resource mobilization are absent. The Islamic code of economic life provides a favorable institutional setting for mobilization and use of savings through Islamic banking along with different efficient modes of investment.
 5. The institution of the Islamic state plays an important role in mobilizing resources from domestic sources. The sources include Zakah, taxation, and public sector enterprises. Zakah has its specific welfare-oriented and development-supporting heads of expenditure. Resources arising from other sources may be used for development purposes.
 6. If the domestic resources are inadequate for development, foreign sources may be tapped, in the form of loans, grants, or direct foreign investment. However, external resources originating in the non-Muslim world have undesirable economic, political, and cultural implications for Muslim societies. Muslim countries should evaluate these effects carefully before accepting foreign resources. Instead, the Muslim countries should cooperate with each other to exchange factors of production, for some of the Muslim countries have abundant investable resources, whereas others have abundant labor and natural resources.
 7. Human resources is the active agent of development. Islam puts heavy emphasis on the development and efficient use of human resources.
 8. Human resource development involves education in physical, social, and moral sciences, as well as physical fitness. Education has been made compulsory for every Muslim. Physical fitness has also been highly emphasized.
 9. Mobilization of human resources for economic development has two aspects: labor and entrepreneurship. The Islamic work ethic provides spiritual and economic incentives to work for a good living and condemns idleness.
 10. Entrepreneurial resources are very important for economic development. Islam emphasizes development of

entrepreneurship by providing spiritual and economic incentives and by protecting it from the risk of losses.

11. Mobilization of human resources is important for social and political development of a society. Islam encourages people to get involved in social services and political development for the benefit of mankind.
12. Last is the role of human resource in moral development. A Muslim, by definition, is *dā'i* (caller) who enjoins what is good and forbids what is bad. In particular, a group of people are required to devote full time to the moral development of mankind.



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