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Should Businesses and Corporations Set up a “Department of Islamic affairs”?

Abstract. In a world in which globalisation has opened the access to Muslim countries, Muslim community having been identified as a distinctive high potential market, the question if businesses and corporations should set up a „Department of Islamic affairs” became more than pertinent.

Keywords: globalisation, Islamic affairs, emerging consumption behaviours, halal, haram, ijara, mucharaka, mudaraba, murabaha, sukuks, cultural diversity.

Should businesses and corporations set up a “Department of Islamic affairs”? A pertinent or a provocative question?

A question at least which should call for attention if we acknowledge the following two points:

1. Globalisation has opened the access to Muslim countries which represent important and/or strategic markets;
2. Within some Western countries, the Muslim community has been identified nowadays as a distinctive high potential market due to its newly emerging consumption behaviours influenced by Islam.

If we add to this the importance of cultural diversity that is being stressed worldwide, strong communitarian aspirations, and substantial financial implications at stake, the question seems hardly avoidable.

One of the particularities of the Muslim world holds in the pair of opposites, halal/haram, the first word, relatively well known to the public, meaning licit or authorised, whether it relates to food or not (the

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customary mistake made by the non-initiated is to restrict halal to food only), the second word meaning the opposite. Since Muslim religious practice seems being reinforced, with a more tangible respect to religious duties and prescriptions, there is hence a vast opportunity to adapt products and services to this market.

What is the state of the field actually today (briefly), and why this reflection?

During one of my shopping in a supermarket recently, I stood amazed in front of the egg shelves, my eyes riveted on an egg pack with the inscription "Halal"! In a split second, a striking question crossed my mind: how can an egg, made inside a hen, not be halal? And I concluded that it was only a marketing tip. But then my brains started working and the right questions came up: what was the hen fed with? Was it with meat and bone meals? Did this include pork, or any other haram components (i.e. animals that have not been slaughtered in the halal rite)? Could the hen have been "contaminated" by a nearby pork livestock farming? Or could the eggs have been "contaminated" during transport? In brief, these are such questions that a practising Muslim would raise in order to know whether a hen and its egg are halal or not.

Furthermore, concerning the food industry, prohibitions can come from the fact that food production could include haram components such as derivatives from alcohol, or gelatine produced out of pork, or other by-products that come from haram animals. The pharmaceutical industry is also concerned because of gelatine that is used in the making of the medical tablet capsules, as much as the cosmetic industry.

In a totally different area, an expanding market today is the one of finance where the expressions of "Islamic finances" and "shari'a compliant financial tools" have become common. This expansion is due to the fact that Islam prohibits interests¹. Therefore, shari'a compliant tools have been revived and/or created since the seventies, such as *ijara*, equivalent to lease, *mucharaka*, full-fledged partnership, *mudaraba*, a partnership whereby one partner brings in his entrepreneurial skills and manages the project, the other (silent) partner provides the capital in full, both sharing the profits given an agreed ratio, but only the latter assuming the losses, and *murabaha*, which is a cost-plus financing of goods. One more recent tool, the *sukuks*, or Islamic bonds, is developing

¹ Although this is a complex and controversial question in Islam, a stereotype that is out of the scope of this paper, the underlying principles being the sharing of the risks and the results, and the prohibition of benefiting from one's money "idly".

at a startling two-digit rate of about 20% per annum, the potential being estimated to several hundreds of billions of U.S. dollars.²

The subject is wide and has unsuspected ramifications sometimes, due to the fact that Islam is believed to concern every aspect of life. Just to cite a few examples: audiovisual ads (very strictly supervised in Saudi Arabia for example where ad spots mustn't show a woman's hair); clothing fashion (mainly for women); toys and games (the Pokemon game that was subject to a prohibition fatwa in Saudi Arabia and in the U.A.E. in 2001); transport and logistics (in order to avoid haram contamination and preserve the halal status of food); insurances (in order to avoid "gambling" and undue profits due to the prohibition of uncertainty or *gharar*).

This brief overview of the present trend of Islamic consumerism and its religious constraints is a proof that companies and managers, but not only, need to have a basic cultural knowledge of Islam at large, and of the Muslim markets that they eventually target, Islam not being monolithic.

Is the Muslim consumerism in Western countries a fugitive trend or a profound social and cultural phenomenon? Only time can tell. Meanwhile, I think it is of crucial importance that all stakeholders meditate the corporate social responsibility in view of the ins and outs of this marketing differentiation in times when communitarianism and relations with Islam need to be appeased, the outcome of this meditation carrying the answer to the heading question.

² This is a very brief description of these tools which are more elaborate than is stated here.