

Chapter 10

Islamic Marketing for Small Firms Value

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ABSTRACT

This study examines how Islamic marketing influences the value of small enterprises. It analyzes strategies aligned with Islamic principles that engage Muslim consumers and differentiate small businesses in competitive markets. The research synthesizes insights from various sources, emphasizing empirical research and theoretical frameworks that reveal the interaction between Islamic marketing, small business value, and related factors. This chapter dissects the complex relationship between Islamic marketing, small business value, and relevant factors. It highlights the importance of aligning marketing strategies with Islamic principles to cater to Muslim consumers and address diverse client challenges. This chapter lays a foundation for further research, providing guidance to small enterprises thriving in Islamic markets with ethical, value-driven marketing strategies.

INTRODUCTION

The research focused on Islamic marketing holds undeniable significance for small enterprises. It introduces distinct strategies that resonate with the principles of Islam, inherently appealing to Muslim consumers. This resonance is particularly critical for small businesses grappling with resource constraints and aiming to carve a unique niche within the market.

An empirical study by Santosa, (2020) significantly advances our comprehension by revealing the positive and substantial influence of profitability on the valuation of Islamic firms. This seminal research underscores that small enterprises prioritizing profitability while embracing Islamic marketing methodologies can effectively bolster their market valuation. Intriguingly, the study also highlights the moderating role of firm size, illustrating how the interplay between profitability and firm size can synergistically enhance market value.

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The relevance of Islamic marketing principles extends beyond Muslim-majority contexts, as suggested by Tournois & Aoun, (2012). These principles serve as a compass for non-Muslim firms navigating the complexities of decision-making aligned with Islamic marketing ethos. For Western firms, assimilating the core tenets of Islamic marketing and branding offers invaluable insights to attract Muslim consumers while preserving appeal to a broader demographic.

Another facet of Islamic marketing, pertinent to small businesses, is the concept of Zakah. This framework can be harnessed for both social cause marketing and corporate philanthropy, providing a unique avenue for small enterprises to cultivate a benevolent corporate image. Integrating Zakah into social responsibility initiatives allows small businesses to manifest commitment to Islamic values, resonating deeply with conscientious Muslim consumers.

A study by Guizani, (2020) delving into capital structure choices among firms adhering to Islamic principles underscores the ramifications of these principles on financial strategies. This insight is particularly salient for small enterprises. A comprehensive understanding of financial avenues within the Islamic framework empowers these businesses to make judicious decisions aligned with their values, appealing to investors with a preference for Islamic financial modalities.

In summary, the body of research on Islamic marketing serves as an indispensable guide for small businesses. Strategic adoption of Islamic marketing practices enables these entities to differentiate themselves and effectively engage Muslim consumers. Simultaneously, an informed comprehension of the interplay between Islamic principles and financial choices enhances decision-making coherence while attracting like-minded investors. Ultimately, this research guides small enterprises toward success in the intricate landscape of the Islamic market.

Islamic Marketing

The interpretations of Islamic marketing, as presented by scholars and researchers, exhibit notable variation. Experts describe it as a multi-layered, dynamic, and multifaceted engagement involving Muslim and non-Muslim stakeholders. This engagement entails the creation of explicit or implicit cultural cues, facilitated through marketing strategies (Wilson, 2012). In this perspective, Islamic marketing transcends the traditional notions of commerce, encompassing a wide range of consumer segments and sub-cultures, spanning areas like fashion, entertainment, cosmetics, and vacations.

An alternative definition offered by Alharbi, Yahya, & Kassim, (2022) portrays Islamic marketing as a distinctive domain that challenges conventional marketing norms. It places emphasis on values intrinsic to Islamic culture, including modesty, nobility, sacrifice, and struggle. This definition underscores the potential disparities between Islamic marketing and the Western marketing paradigm.

Sulasih et al., (2023) articulate Islamic marketing as a faith-based marketing approach guided by principles from Islamic Sharia (Islamic Law). This approach extends to both Muslim and non-Muslim companies catering to Muslim consumers. Notably, sustainability principles deeply rooted in Islam align Islamic marketing with sustainable practices. Ahmad, (2018) offers a fresh perspective, highlighting the intersections of Islam and marketing. This viewpoint delves into Islam's tenets and activities and advocates for a more comprehensive approach to Islamic marketing discussions. It proposes treating consumers as individuals rather than mere target markets, exploring how Islam can propel marketing theory and application.

In the context of Islamic branding, Ismail et al., (2022) present diverse definitions gleaned from prior studies. These definitions encompass the Islamic brand via adherence, the Islamic brand by origin, the

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