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Business and Development from Senegal to Somalia

My assignment, as I understand it, is to share some thoughts about doing business in Islamic cultures. I started about 20 years ago when I went to Somalia and taught [business and economics] at the Technical Teachers College [in Mogadishu]. And I started relating to my students and teaching economics and getting into these little details about how they interpreted economic principles differently than I did. So the big question was, Is giving money to the person around the corner an exchange? They said yes. I said no, and then we’d discuss it.

I taught for three or four years and then became a representative for USAID in northern Somalia. Then when the war broke out there I came to California and joined an organization named World Vision International. It’s one of the largest relief and development agencies in the world, it operates in about 80 to 90 countries. They were working in Islamic cultures and my job was to keep them out of trouble. They said, you know, when we send our people into Islamic cultures, we get into some embarrassing situations. Are you able to keep them out of trouble and I said I’d try. So I was to travel around the world and I met a lot of indigenous people and we were training staff and working with them and hoping that our staff would do no damage. I did that for twelve years and started collecting stories about what it meant for North Americans, and a few Europeans and Muslims to work together on various development projects.

I started working [with World Vision projects] in many Islamic cultures in Africa ranging from Senegal to Somalia. If you draw a line between the two you’ll come across a lot of Islamic cultures and some of the poorest people in the world. And the big question is, Why are some of the poorest countries in the world also Islamic countries? Is there a relationship there? Go to South Central Asia, work with impoverished countries there, go to Indonesia. In these Islamic cultures, there’s a lot of poverty.

People ask me all the time is there a relationship between the impoverished cultures of the world and Islam? I don’t want to answer that. I will not interpret someone’s faith for them. I’ll tell you about my own, but I won’t interpret. There’s global poverty all over this planet. A lot of the poor people live in Islamic cultures and I want to characterize that as a market failure and want to ask why is there a market failure. Does it have something to do with Islam? Only Muslims can answer that, I can’t. But being in the presence of Islamic scholars and economists, I think that question needs to be answered and I think for the people who are working in the Islamic culture, it has to be answered in a way that makes sense and empowers us all to live and work in those cultures effectively.
Why is there a market failure? I deal with economics, but what energizes me most is religion. I’m first and foremost a theologian. When I’m asked of my faith I tell them the formal principles of Christianity in the Mennonites tradition. Then they say well, I know Mennonites that don’t act like that. Then the question is, is a religion defined by orthodox theology or by the practice of the people? All religions have a negotiation between the teachings that have come to us from traditions and the current culture. The result is called a Vernacular Religion and that’s what we most often see. When I go to Islamic countries and I see the people, my first question is, Is that an Islamic practice? What makes it Islamic? Is it because the Koran teaches it or traditions teach it or because the people are doing it? My own faith is the same way. If I asked anyone in my congregation or out in the streets, Do you believe that God helps those who help themselves? most would say yes. Do you believe it’s in the Bible? They would hesitate and say, I’ve heard it so much.. I would guess yes. But it’s not [in the Bible]. It’s an important part of our culture and we hear it so often that we believe somewhere the Bible has to have said it. The Bible teaches the opposite. God helps the powerless. So what do we do we have a vernacular religion. And so what I have to say about Islamic cultures is really my observations of vernacular expressions of Islam. These are observations, not interpretations. We in the West thought the world would become secular and we acted as though religion had very little impact on our society. The best example is from 1979 when the US Embassy in Teheran was occupied. A news reporter interviewed a guy from the Department of State and asked him, Why didn’t you anticipate this? And he said, we didn’t think religion had that much influence on the culture. Where did you think you lived? Anywhere you go, you’ll see religion influencing its culture and the big struggle is we don’t live in a world that is becoming secularized. We are living in a world that is becoming un-secularized. And religion has a major influence on a lot of global events. And we could misinterpret those events unless we know something about those religions (Christianity, or Islam or any religion).

Look at countries between Senegal and Somalia, Indonesia, look at the poverty there, Bangladesh, parts of India, the poorest people live there. Why? One of the things that you’ll find there is a market dominated minority. What is that? It’s a population who form an entrepreneurial class and they have an undue amount of economic influence. Not just in Islam, but most poor cultures. How did these emerge? Why is it in Islamic cultures, that this market dominated minority is often not Muslim? In only a few places [is this minority also Muslim]. And how does the market dominated minority interact with Muslims? In Indonesia, there is a problem. In one of the most Islamic populated countries in the world. Friday is holy day. The market dominated minority are not Muslim and they want to do business. The majority of people are Muslims, but who accommodates who? Muslims want to take time to pray, but the market dominating minority says that’s not efficient. We need to find out why the minority dominates the market and how we work out a sense of justice.

One common problem we face as Muslims and Christians is that economic justice is our first priority. I tell my students, efficiency is not the central balance, justice is. Hopefully they match, but too often we have to make a choices between them and how do we do that.

Another issue we struggle with is that, from an observer’s perspective, Islam is one block. But there’s no reason to believe that. The Islamic world, like the Christian world, is polarized. I’m a
Mennonite from a peace tradition and people ask me whether I support the war in Iraq? No, I’m from a peace tradition. Why do so many Christians support that war? Because we are not one block. The same is true in Islam, there is polarization. We were in Mauritania looking at a child survival project. Getting names of kids. One kid’s name was Bush, another’s Saddam. When asked what ethnicity, the Bushes were Pulaar [Fulani pastoralists] and the Saddams were Moors. They are both Muslims, but ethnically they are polarized. The Pulaars are looking to the West, trying to find some connection with the French; the Moors, looking at the Middle East. Looking at the world they see different things. Are they looking at the world as Pulaars or through Islam or as Moors? They are looking at the world through a vernacular lens. They interpret the world as they see it. Like we all do. And as we do business in the Islamic world, this polarization will make a difference.

The next thing I want to look at, as a white male living in an Islamic culture, I feel I’m perceived to have a lot more power than I ever feel like I actually have. And how am I a steward of this power. I’m seen as more wealthy than I actually am. How do I steward this? It is an issue of tips, gifts, contributions, bribes and extortions. The fact is, we are on a continuum. I give tips, I give gifts, I give contributions to special interests. But it’s hard to draw the line between bribes and extortion. I like the idea of good corruption and bad corruption. That is one issue we struggle with. If I don’t leave a tip here in a restaurant, I’m a rogue for not tipping. But what if I’m in an International airport and me giving a tip is what guarantees my passage to get from one side of the counter to the other side of the counter? Is that an effective tip? What about contributions to special interests. I live there, I know them, a contribution might be good. What about the person at the passport office, he’s important to me. One of the questions that we have is, I was talking to an Ambassador last night and he was like Oh, its illegal and, you know, when I was the USAID representative I was told that tips, gifts, bribes, anyway you want to define it, you don’t use US taxpayer money for it. And I said, okay, I eat at a restaurant here, and I don’t leave a tip. One of the things I want to leave you with-- and I’m not saying I’m ethically challenged--but we’re in relationships. And the term I want to use is “leading function”. What is the leading function of the position [of the person we’re dealing with]? Why is that person there? And does that tip influence the person to do what that person would not otherwise do? And that’s the struggle. If I’m paying the person to do something they wouldn’t do otherwise, that’s a bribe. Ensuring prompt service, maybe not. But think about market failure. The person in the customs office is poorly paid, he lives on tips. And we have to struggle with where there’s justice there. I would argue that if the payment fits into the legal description of that person and I’m not asking the person to do something that otherwise wouldn’t be done, I might tip that position. I leave it there. That’s the way it is. A lot of people disagree.

Another example: Guilt and shame cultures. Western culture is a guilt culture, people have told me, Islam is a shame culture where you have to save face. Interesting story: A major company works in West Africa. They calculate taxes to the dollar and the accountant stands right there and says we’ve done it correctly, this is the tax liability we’ve got. Someone from the [tax office in that country] comes and needs to audit the books and they say, you won’t find anything wrong with these books and they argue about whether they were done correctly or not. But there is something else going on here. The protocol is to not calculate the taxes until afterwards, because
the person who comes has to negotiate and he has to save face and get a tip. Question: Is the tax
and government structure so sound that we can apply Western standards in other cultures. And
western companies get hit with it more often than they want to admit. So they lump it together,
from tipping a waitress to extraditing their taxes. And we assume that the structures are adequate
enough that we can hold them to Western standards.

“Good corruption”, “bad corruption”, “leading function”, these are the differences in how
companies get into or stay out of trouble. And in a way, you’re condemned either way because
you’re in a face saving culture and your effectiveness depends on the quality of your
relationships, social capital that has to do with relationships that produce value. And value is
produced in different ways. So the person who sits in my office in California, if he heard me he
would say, Bruce does not speak for all of us. I would say, NO I speak for the person out there in
that field office who has to make some pragmatic decisions. He has to build relationships to be
effective. He has to understand the environment that he’s in and that those people are in. That
person is only making a couple hundred a
month, they are living in poverty and he’s your friend and you don’t live in poverty and there’s
some profit sharing here. And there’s no good solution. When I studied business and economics
someone said, One thing you’ll find is that you’ll settle for a bad solution to a difficult problem.
And that’s what you’ve got. We can’t change the system. Some say we aren’t going to submit to
any payments of any sorts. Well, are you going to function here? When we were in Somalia the
banks didn’t have any money but it was illegal to exchange money anywhere else but the bank.
So we went to the bank teller, who was our friend, and we gave him a check and he went to the
market dominated minority who were the Indian traders and cashed the check, came back and
gave us the money. Was it legal? It went through the bank employees.

Can we change the system? One idea that we struggle with is the idea of social capital and
civilized society. Those two things are holding most economies together. The struggle I have as
the outsider is how do I engage in the construction of social capital in an Islamic culture? For
business in US, we are going to many Islamic cultures and getting cheap labor. NIKE is built
with cheap labor. Tiger Woods gets more money a day, $50,000 a day from NIKE , which is
more money than all of the Indonesian factory workers combined. Multi-national corporations
are taking advantage of cheap labor and the market failure. Why can Tiger Woods get $50,000 a
day to endorse NIKE products? Because he has market power. Why does the Indonesian factory
worker get $1.50 a day, because there is no market power, its a market failure.

So a question for businesses in Islamic society is how do they engage social capital and civil
society in a way that enhances the value of labor in these communities, enhances these
relationships and contributes to those societies in a way that you don’t have to settle for bad
solutions to difficult problems. That is the real skill. Many multi-national corporations are
parasitic. They need to start investing in an infrastructure, roads, health care, education, and they
have to start empowering the people they are benefiting from. Social capital begins when
international corporations can enter into these countries and start building some accountability.
One thing that corporations in the US pride themselves on is how much they donate to charities.
Many colleges and universities get funding from these big companies. Why don’t the
corporations start investing that money into Indonesia, Bangledesh, Africa? We are exploiting
cheap labor. The market may have failed or is incomplete and we are not separating Islam from
the market, the people from the religion, we are looking at a vernacular theology and we are looking at business and economic policies that are less than optimal. But we are looking at a global economy that can’t meet the economic needs of about two-thirds of its people. And a lot of these people are Muslims.

My argument is this: build civil society, social capital; empower the people and let change emerge from the grass roots up. Governments are important, but they need trust and we don’t.