

Topic 7 - Business Structure

Activity 7.1

“The Economy as a Human Chain”

Topic: Interdependence between primary, secondary, tertiary, and quaternary sectors

Time: 15–20 minutes

Purpose: To help audience *experience* how sectors and businesses rely on each other to function.

Activity Steps

1. Prepare Sector Cards

Create cards or slips with the four sectors:

- **Primary** (farming, mining, fishing)
- **Secondary** (factories, manufacturing)
- **Tertiary** (transport, retail, banking, hotels)
- **Quaternary** (IT, research labs, data services)

Prepare **multiple examples** under each so different students can participate.

2. Give Each Person a Role

Give students role cards such as: Dairy Farmer, Clothing Factory, Transport Company, Research Lab, Coffee Shop, Software Analyst, Oil Drilling Company, Car Manufacturer, Marketing Agency, Hotel

Make sure roles represent different sectors.

3. Ask Them to “Find Their Links”

Tell them: “Your business CANNOT operate without help from other sectors. Go find at least **two other businesses** that you depend on — or that depend on you.”

Examples:

- A **farmer** depends on the **factory** to process milk
- The **factory** depends on **transport**
- The **transport company** depends on **IT** for GPS (quaternary)

They form **chains** or mini-groups showing their interdependence.

4. Form a “Human Supply Chain”

Let one group present by standing in a line showing:

Primary → **Secondary** → **Tertiary** → **Quaternary**

For example:

Farmer → Food Processor → Supermarket → Market Research Firm

Ask each of them to explain **how they depend on the next one**.

5. Host Disrupts the Chain

Now remove one role (e.g., transport company) and ask:

- What happens to the factory?
- What happens to the shops?
- What happens to consumers?

This demonstrates *interdependence and vulnerability* of sectors.

Business Structure

Business structure refers to the formal way a business is organized in terms of ownership, legal identity, and decision-making authority. It determines who owns the business, how profits and losses are shared, the level of liability owners have, how the business can raise finance, and how it is managed. Common business structures include sole traders, partnerships, private limited companies, public limited companies, cooperatives, and franchises. The chosen structure influences how the business operates, how it is taxed, and how much control the owners maintain. Now that we understand what business structure means, we can explore how economic activity is divided into different sectors.

Economic Sectors

Business activity and ownership can be classified in a number of ways. One of these is by identifying which type of product or service is being produced:

Primary → Secondary → Tertiary → Quaternary

- **Definitions and Examples of these Economic Sectors:**

Sector	Definition	Activities	Businesses/Products
Primary	Extracting natural resources from the earth.	Farming, mining, fishing, forestry.	Dairy farm producing milk; oil extraction; wheat farming; fishing boats.
Secondary	Converting raw materials into finished or semi-finished goods.	Manufacturing, construction, food processing.	Milk processed into cheese; timber turned into furniture; cotton spun into fabric; car manufacturing.
Tertiary	Providing services to consumers and businesses.	Transport, retail, banking, hospitality, health, education.	Milk sold in supermarkets; delivery companies; hotels; banks; schools.
Quaternary	Knowledge-based, research and high-	IT development, scientific research, data analysis, consultancy.	Product development in a research lab; software creation; design and testing of

Sector	Definition	Activities	Businesses/Products
	technology services.		new medicines; tech companies.



Figure 1: Primary Production – Dairy Farm in New Zealand¹



Figure 2: Secondary Production – Clothing Factory in China²



Figure 3: Tertiary Sector – The Breathtaking Burj Al Arab Hotel in Dubai³

¹ Cambridge International AS A Level Business Coursebook 4th edition by Peter Stimpson, Alastair Farquharson

² Cambridge International AS A Level Business Coursebook 4th edition by Peter Stimpson, Alastair Farquharson

³ Cambridge International AS A Level Business Coursebook 4th edition by Peter Stimpson, Alastair Farquharson



Figure 4: Quaternary Sector – Research Laboratory in India⁴

Example 7.1

Primary Sector:

"امیر المؤمنین سونہ کرے چھے؟ ہزارویگا زمین کھیرے چھے، مزدور ناما تھا پر کھڑا رہی
نے کام لے چھے، تروقت ماو پیارنی شاکلہ یر ۷ ہتی، زمین ہوئی، یا ڈھور ہوئی زیادہ تر، بیجو
و پیار کم، ایک ہزارویگا کرتا زیادہ زمین جدي جدي جگہ پر،"^۵

Secondary Sector:

Example 7.2

"یر ۷ مثل مولای راج بن داؤد بن محمد سونی نو فضل ہتو، اپ یر جعفرنی فتنہ نادر میان

⁴ Cambridge International AS A Level Business Coursebook 4th edition by Peter Stimpson, Alastair Farquharson

^۵ المجلس السادس ۱۴۲۲ھ

گھني جانفشاني کيڊي، مؤمنين نئ هداية ڊيڊي چھ، 'اپ صابون بناوٽا، ٿوٽرا ڀر صبر ڪرتا،
اپ نا علم سي کينڪ دلونا ميل نئ دھوتا،' ۶

Tertiary Sector:

Example 7.3

"مؤمنين ني جماعه! اڄ تعليم نا ادارا ٻهي گھنا، باوا جي صاحب ني نراسي گھنا مدرسه ٽو
چلي رهيا چھ، تمام ايمان نا شهر و ما گھني اپ ڀر ڪوشش کيڊي، ڪر دين ني تعليم سگلا حاصل
ڪرے دنيا ني تعليم نا ساھه دين ني تعليم اتمام ايمان نا شهر و ما سگلا برڪات لئي رهيا چھ،" ۷

Example 7.4

Quaternary Sector:

"عشرة مباركة ما ۲۰۲۱ موقع ما relay ٿيو تقريباً ۱-۲ لاکھ مؤمنين ڀر ماروا واز سنو مارا ساھه
مارا مولی حسين نومائتم کيدو گذشتہ سال ڪرتا سال گنتي زياده چھ اسال اڪثر ناھنا بلاد ما relay

۶ المجلس الثامن ۱۴۳۶ھ

۷ المجلس التاسع ۱۴۱۱ھ

تھیو چھے 'relay' نوعمل modern الے سی تھیو چھے telephone نا ذریعے سی تھیو سگلا نے 'اواز گھنو
صاف سنایو،' ^۸

After identifying the four economic sectors, it is important to understand how their importance shifts over time in different economies.

Changes in Relative Importance of Economic Sectors

The classification of business activity by economic sectors has two important features: changes over time and variations between different economies.

The importance of each sector in an economy changes over time.

1. Industrialisation

The growing importance of secondary sector manufacturing industries in developing countries is called industrialization.

○ Benefits of Industrialization:

- Total national output (gross domestic product) increases and this raises average standards of living.
- Increasing output of goods can result in lower imports and higher exports of such products.
- Expanding manufacturing businesses will result in more jobs being created.
- Expanding and profitable firms will pay more tax to the government.
- Value is added to the country's output of raw materials, rather than just exporting these as basic, unprocessed products.

Example 7.5

For example, India's first major wave of industrialization began with **cotton textile mills** in cities like **Mumbai (Bombay)** and **Ahmedabad**. These mills shifted India

from hand-spun cloth to large-scale machine production, creating thousands of jobs and boosting exports.

الداعي الاجل سيدنا محمد برهان الدين رض فرماوے ہے:

Kalemaat Nooraniyah 7.1

"وپیارونرگار کرے تو اهوئي شاکلة سي کر پوتانا فائدة ناساھ اھنا ملک۔ اھنے بھی فائدة پہنچے ، ترسي لازم ہے کہ اپني زيادۂ توجہ industry پر هوئي کيم کر یہ حالات یہ مثل نا ہے ، کتناک industrial age بھی اچ کہے ہے ، جيم atomic age کہے ہے تيم industrial age کہے ہے ، تو industry بغير فقط وپار قائم رهو ويہ مشکل ہے ، یہ ارشاد مطابق industry قائم تھي رہي ہے ، کام جاري ہے ، مؤمنين سگلا زيادۂ اھما شريك تھاي انے جر industry scientific method قائم تھاتي هوئي اھما دلچسپي سي سگلا حصۂ ليتا رہے۔ ہر مؤمن ، انے ايم ضرور خيال راکھ کر industry ما خلق الله نے نفع ملے ترسي اھما ثواب زيادۂ ہے ،"

To put this vision into perspective **Idaarrah al-Tijaarat al-Raabehah** under the esteemed guidance of His Holiness Dr. Syedna Mufaddal Saifuddin^{TUS} has launched a project named -**The Industry Development Division**. The project aims to develop a robust and comprehensive platform that addresses the diverse needs of individuals

encountering challenges within the manufacturing sector. Additionally, it will provide aspiring entrepreneurs with the necessary tools, guidance, and resources to successfully initiate and manage their own manufacturing businesses. Through this project, the departmental focus is to foster industry growth, empower individuals, and contribute to the overall advancement of the manufacturing sector.

Case Study 7.1

FABEX Engineering Pvt. Ltd:



Figure 5: FABEX- Industrial Development⁹

Inspiration and Inception

As a chemical engineer with prior industry experience, the founder of FABEX was inspired by Moula's^{TUS} vision, which emphasizes the importance of every Mumin prioritizing entrepreneurship and establishing an industry. In 2014, this motivation led to the venture's inception in process flow technology and equipment manufacturing. The business's core strength lies in robust scientific knowledge and a cohesive team, enabling it to achieve 10x growth in just nine years. While facing

⁹ Umooor Iqtesadiyah. (2021). Umooor Iqtesadiyah - an educational publication. In *Umooor Iqtesadiyah* [Journal-article]. https://tijaaratraabehah.org/wp-content/uploads/2024/09/QH-Magazine_Digital.pdf (Accessed: 7 Dec 2025)

challenges in establishing a profound presence in the industry, Moula's ^{TUS} dua and teachings acted and continue acting as a driving force, providing constant inspiration to overcome hurdles and grow lucratively.

Scientific Method and Industry Positioning

FABEX positions itself as a strategic partner for clients, offering comprehensive solutions for to intensify processes and ensure desired results. The company has established a dedicated pilot plant on its site for trials, positioning itself at the forefront of the industry. A deep understanding of chemistry is fundamental to growth, and to enhance expertise, FABEX has partnered with esteemed institutions like ICT (Institute of Chemical Technology) Mumbai, leveraging technical expertise to expand knowledge in this domain. The distinctive business model, supported by the successful execution of over 225+ projects and collaboration with ICT, gives FABEX a competitive edge and reaffirms its commitment as the preferred partner for efficient processes.

Contributions to Society and Environmental Conservation

With years of industry experience and gained knowledge, FABEX strives to help and foster young start-ups to grow to the next level. The company also offers effluent treatment solutions to minimize waste generated by chemical plants, contributing to environmental conservation.¹⁰

¹⁰ Umoor Iqtesadiyah. (2021). Umoor Iqtesadiyah - an educational publication. In *Umoor Iqtesadiyah* [Journal-article], https://tijaaratraabehah.org/wp-content/uploads/2024/09/QH-Magazine_Digital.pdf (Accessed: 7 Dec 2025)

2. Deindustrialisation

In developed economies, the situation is reversed. There is a decline in the importance of secondary sector activity and an increase in the tertiary sector. This process is termed deindustrialisation. In the UK, the proportion of total output accounted for by secondary industry has fallen from 38% to 20% in 25 years. Causes of this change include:

- Rising incomes associated with higher living standards have led consumers to spend much of their extra income on services rather than more goods. There has been substantial growth in tourism, hotels and restaurant services, financial services and other services. However, spending on physical goods has risen more slowly.
- Manufacturing businesses in developed countries face much more competition as a result of increasing global industrialisation. These rivals tend to be more efficient and use cheaper labour. Therefore, rising imports of goods are taking the market away from the domestic secondary sector firms>

○ Consequences of Deindustrialisation

The consequences of the decline in the relative importance of the primary and secondary sectors and the increase in relative importance of the tertiary and quaternary sectors include:

- Job losses in agriculture, mining and manufacturing industries
- Movement of people towards towns and cities
- Job opportunities in service industries – tertiary and quaternary sectors

- Increased need for retraining programs to allow workers to find employment in service industries.

For example, in UK, from the 1970s onward, many traditional industries—such as **coal mining, steel, textiles, and shipbuilding**—declined sharply. Factories closed in cities like **Manchester, Birmingham, Liverpool, Sheffield, and Newcastle**. Millions of workers moved from manufacturing jobs to **service-sector jobs** in finance, tourism, and retail.

The importance of each sector varies significantly between different economies. Having seen how sectors evolve, we now turn to another way of classifying business activity: public versus private ownership.

Public Sector and Private Sector of the Economy

Industry may also be classified in other ways, for example by public or private sector, or by type of legal structure.

In nearly every country with a **mixed economy**, most business activity is in the **private sector**. The relative importance of the private sector compared to the **public sector** is not the same in all countries. Those economies that are closest to a **free-market system** have very small public sectors. Those countries with central planning **command economies** will have very few businesses in the private sector.

Term	Definition	Example
Public Sector	Part of the economy owned and controlled by the government .	Government hospitals, public schools, police, postal service.
Private Sector	Part of the economy owned and run by individuals or private companies .	Banks, supermarkets, factories, tech companies.
Mixed Economy	An economy where both the government and private businesses play important roles.	The UK, Pakistan, India, and most modern countries.
Free-market	An economic system with little government interference ; decisions are made by businesses	The USA is mostly free-market; prices are set by competition.

Term	Definition	Example
	and consumers through supply and demand.	
Command Economies	An economy completely controlled by the government , which decides what to produce and at what price.	North Korea, former Soviet Union.

Once the roles of the public and private sectors are clear, we can now examine the different forms of business ownership within the private sector.



Business Ownership

Businesses in the private sector may be owned by one person or by many thousands. There are various forms of business ownership, as shown in Figure 6.

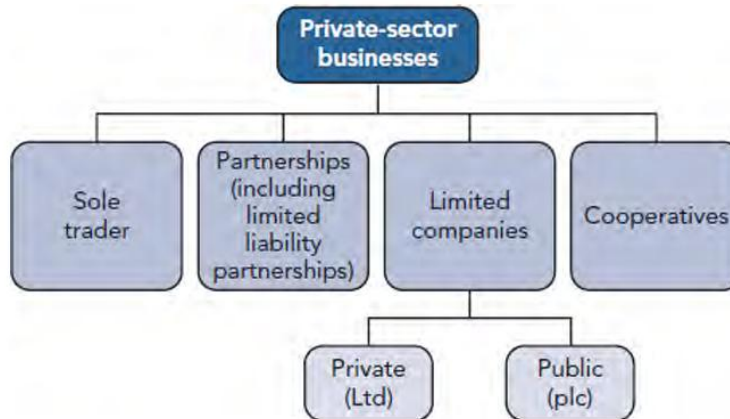


Figure 6: The legal structure of private-sector businesses¹¹

1. Sole trader

This is the most common form of business ownership. Although there is a **single owner** in this type of business organisation, it is common for sole traders to employ others. However, such firms are likely to remain very small. Because of this, although they are great in number, sole traders account for only a small proportion of the total business turnover of a country. All sole traders have **unlimited liability**. This means that the owner's personal possessions and property can be taken to pay off the debts of the business, should it fail. This can discourage some potential entrepreneurs from starting a business. Another significant problem is finance for expansion. Many sole traders remain small because the owner wishes to remain in control of their own business, but another reason is the limitations in raising

¹¹ Cambridge International AS A Level Business Coursebook 4th edition by Peter Stimpson, Alastair Farquharson

additional capital. As soon as partners or shareholders are sought in order to raise finance, then the sole trader becomes another form of organisation altogether. In order to remain a sole trader, the owner must be dependent on their own savings, profits and loans for injections of capital. This type of business ownership is most commonly established in the **construction, retailing, hairdressing, car-servicing and catering trades.**

It has several advantages and disadvantages.

Advantages of a Sole Trader	Disadvantages of a Sole Trader
Easy to set up – no legal formalities	Unlimited liability – owner’s assets are at risk
Owner has complete control and is not answerable to anyone	Intense competition from bigger firms
Owner keeps all profits	Owner cannot specialise – responsible for all management
Owner can choose working times and patterns	Difficult to raise additional capital
Close relationships with staff and customers	Business depends on owner’s skills and interests
	Lack of continuity – business ends when owner dies

2. Partnership

Partnerships are formed in order to overcome some of the drawbacks of being a sole trader. It is usual with all partnerships, although not a legal requirement, to draw up a formal Deed of Partnership between all partners. This provides agreement on issues such as voting rights, the distribution of profits, the management role of each partner and who has authority to sign contracts. However, a partnership agreement does not create a separate legal unit; a partnership is just a grouping of individuals.

Example 7.6

Two types of Partnerships described in *Dawat* Texts:

۱. المشاركة:

"إذا أراد رجلان أن يشتركا في الأموال فأخرج كل واحد منهما مالا مثل مال صاحبه دنانير أو دراهم فخطا ذلك حتى يصير مالا واحداً فيشترى بعضهما من بعض على أن يبيعا يشتريا ما رأياه من أنواع التجارات ، فما كان في ذلك من فضل كان بينهما ، وما كان فيه من وضعته فكان عليهما بالسواء."

فحوى - جيوارے ۲ مردو شرکتہ نو ارادہ کرے تو بیوے پوتانا مال ماسی دنانیر یا دراهم نکالے انے بیوے مال نے ملاوی دیسے حتی کہ گویا کہ بیوے نو مال ایک ۷ چھے ، پچھی یر مال سی جرو پچان خریدان کروو ہسے تر کرے ، پچھی جہ profit تھا سے یر بیوے نا درمیان ہسے (بیوے نارأس المال

مطابق) نے جر نقصان تھا سے یہ بیوے نادیمان سرکھو ہے۔

1. Collective Endeavors (*Mushaarakat*)

In Mushārah, each participant contributes something valuable, fostering a collaborative effort. This model involves each partner investing capital, and ownership is proportionate to the contributed funds. Such an approach ensures an equitable distribution of both profits and responsibilities, cultivating a sense of collective ownership.

Example 7.7

۲. المضاربة:

"وعن علي عليه السلام أنه قال في المتضارين وهما الرجلان يدفع أحدهما مالاً من ماله إلى الآخر يتجربه على أنه كان فيه من فضل كان بينهما على ما تراضيا عليه واتفقا، وقال الربيع بن عبد الله أنه قال: والوضيعة على المال.""

فحوى۔ مولانا علی ص ع فرماوے چھے کہ متضارین بے مردو چھے جر ماسی ایک پوتانو مال بیسرا مرد نے اے چھے جر ناسی یہ وپار کرے چھے اشرط نا اوپر کہ جر profit تھا سے یہ بیوے

نادرمیان جر اتفاق تھیو چھے یہ مطابق ہسے انے جر نقصان ہسے یہ صاحب المال اوپر ہسے۔

2. Skillful Synergy (*Mudaarabat*)

“In contrast to the collective approach of *Mushārahah*, *Mudārahah* emphasizes a synergy of skills and capital. In this arrangement, one party offers financial backing, while the other contributes expertise. Profits are shared, but losses are confined to the invested capital. This type of partnership facilitates a strategic collaboration where skills complement financial resources.”¹³

Example 7.8

An example of *Musharakat* in today’s age is of **Warner Bros**. It began as a family partnership formed by four brothers—Harry, Albert, Sam, and Jack Warner—who jointly started and financially funded the company, which later grew into a major Hollywood studio.

A common modern example of *Mudarabat* is when an **Islamic bank** manages a customer’s investment funds and they share the profits according to a pre-agreed ratio.

¹³ Partnership - tijaaratraabehah.org. (2025, October 20). <https://tijaaratraabehah.org/partnership/> (Accessed: 7 Dec 2025)

Partnership Deed

الداعي الاجل سيدنا عالي قدر مفضل سيف الدين طع فرماوے چھے:

Kalemaat Nooraniyah 7.2

"اپس ما partnership شریعة نا قانون موافق هوئی ، ہر ایک party ما جبرہی اتفاق تھائی
یر عن تراض - خوشی سی هوئی ، برابر legal documents تیار تھائی تاکہ اپس ما محبة سی unity
نا ساتھ زیادہ وپار تھائی ، انے شیطان نا وساوس سی دور رہے۔"

Why *Shariat* Emphasizes the Significance of Partnerships?

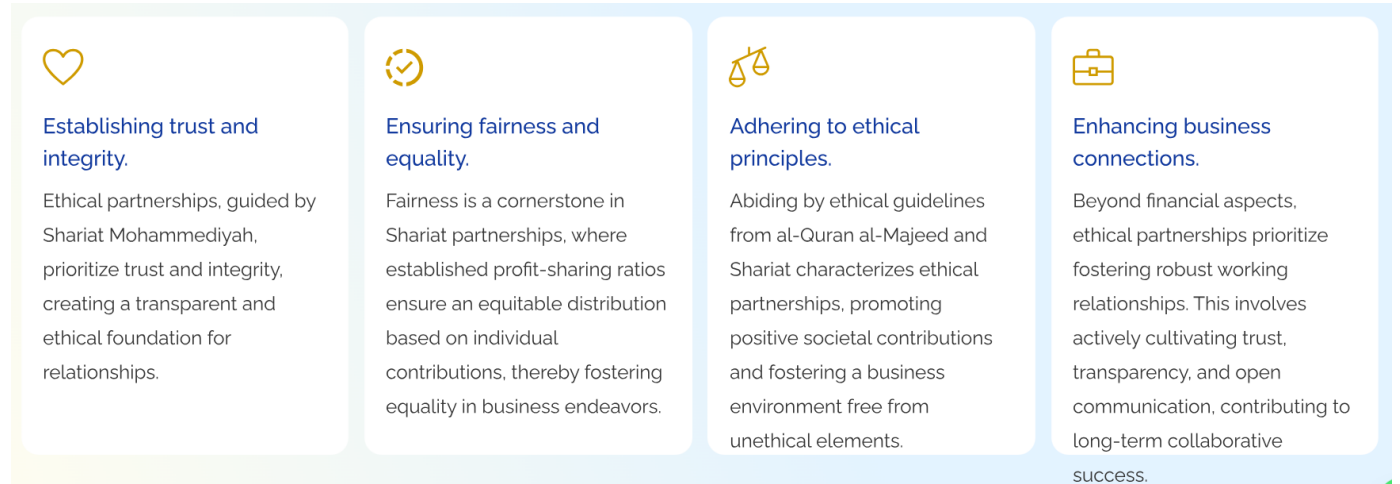


Figure 7: Advantages of Partnership¹⁴

¹⁴ Partnership - tijaaratraabehah.org. (2025, October 20). tijaaratraabehah.org/partnership/ (Accessed: 7 Dec 2025)

Al Tijaarat-al-Raabehah Online Partnership Platform

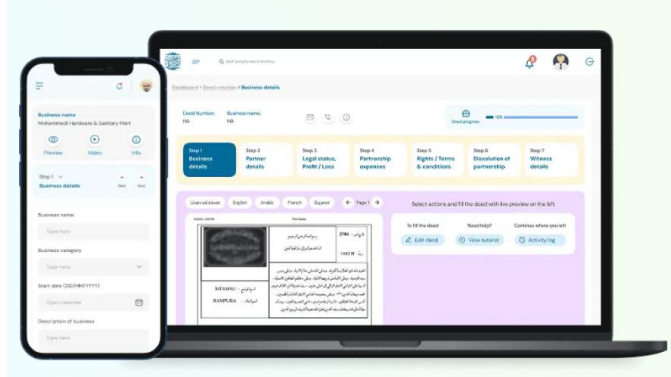


Figure 8: Al Tijaarat-al-Raabehah Online Partnership Platform¹⁵

A seamless module to simplify partnership deed management. Easily fill out and submit your deed online, access it in multiple languages for better understanding, and renew expired deeds in just a few steps. Get live updates on the status of your deed and stay informed throughout the process. If you have any questions, you can quickly raise queries and receive timely assistance. This module ensures a smooth, transparent, and efficient process for establishing ethical partnerships.

How to Choose a Good Business Partner

When planning to go into partnership, it is important to choose business partners carefully – the errors and poor decisions of any one partner are considered to be the responsibility of all the partners. This also applies to business debts incurred by one partner – in most countries there is unlimited liability for all partners should the business venture fail. Unlimited liability can act as a disincentive for people to become partners in a business. This can limit the capital that partnerships can raise.

¹⁵ Partnership - tijaatraabehah.org. (2025, October 20). [tijaatraabehah.org. https://tijaatraabehah.org/partnership/](https://tijaatraabehah.org/partnership/) (Accessed: 7 Dec 2025)

3. Limited Companies

A **limited company** is a business structure in which the liability of the owners (shareholders) is **limited** to the amount they invested in the company. This means their personal assets are protected if the business faces losses or debts. The company exists as its own legal entity, separate from the people who own or manage it.

Limited Liability for Owners

The ownership of companies is divided into small units called **shares**. **People can buy these and become shareholders: part-owners of the business.** It is possible to buy just one share, but usually shares are owned in blocks, and it is possible for one person or organisation to have complete control by owning more than 50% of the shares. Individuals with large blocks of shares often become directors of the business. All shareholders benefit from the advantage of limited liability. Nobody can make any further claim against shareholders, should the company fail. This has two important effects:

- People are prepared to provide finance to enable companies to expand.
- The risk of the company failing to pay its debts is transferred from investors to creditors such as suppliers and banks. Creditors, as a result, are very interested in analysing the company's accounts for signs of potential future weakness.

○ **Legal Personality**

A company is recognised in law as having a legal identity separate from that of its owners. This means, for example, that if the food sold by a company are found to

be dangerous or contaminated, the company itself can be taken to court – not the owners, as would be the case with either a sole trader or a partnership. A company can be sued and can itself sue through the courts. This does not take all legal responsibilities away from the managers and owners. For example, directors can be legally responsible if they knowingly act irresponsibly. This includes continuing to trade when the company is illiquid, which means it does not have cash to pay bills.

○ **Continuity**

In a company, the death of an owner or director does not lead to its break-up or dissolution. All that happens is that ownership continues through inheritance of the shares, and there is no break in ownership at all.

Private Limited Companies

The protection that comes from forming a company is substantial. Small firms can gain this protection when the owner(s) create a private limited company. An example of a private limited is company is **IKEA (IKEA Systems B.V.) – Netherlands/Sweden**, which is a globally famous furniture brand owned as a private company under the INGKA Group. Although it provides protection to a company along with many other advantages, it also faces many disadvantages, shown in the table below.

Advantages	Disadvantages
Shareholders have limited liability.	There are legal formalities involved in establishing the business.

Advantages	Disadvantages
The company has a separate legal personality.	Capital cannot be raised by selling shares to the general public.
Continuity even if a shareholder dies.	It is difficult for shareholders to sell their shares.
The original owner often retains control.	The company has greater status and stricter regulations than unincorporated businesses.
Able to raise capital by selling shares to family, friends, and employees.	End-of-year accounts must be submitted to the government and are publicly accessible, reducing financial secrecy.

Public Limited Companies

It is the most common form of legal organisation for very large businesses, for the good reason that they have access to very substantial funds for expansion.

A public limited company (plc) has all the advantages of private company status, plus the right to advertise its shares for sale to the general public and have them quoted on the stock exchange. This means that:

- Public limited companies can raise very large sums from public issues of shares
- Existing shareholders may also quickly sell their shares if they wish to.

This flexibility of share buying and selling encourages the public to purchase the shares when they are sold by **initial public offering (IPO)**. The other main difference

between private and public companies concerns the separation of ownership and control. The original owners of a business that converts to private company structure are usually still able to retain a majority of shares. They can continue to exercise management control. This is most unlikely with public limited companies because most shares will be issued to a large number of individuals and institutions as investors. These shareholders own the company, but at the annual general meeting they appoint a board of directors who control the management and decision-making of the business.

This clear distinction between ownership and control can lead to conflicts; for example, over business objectives and the direction the business takes. The shareholders might prefer measures that aim for short term profits, whereas the directors may decide to aim for the long-term growth of the business, perhaps in order to increase their own power and status.

It is also possible for the directors or original owners to convert a business back from a plc to private limited company status: **Richard Branson and the Virgin group is one of the best-known examples.** The reasons for doing this are largely to overcome the problems of separate ownership and control. In a private limited company, it is normal for the senior executives to be the majority shareholders. In addition, the owner of a private limited company can take a long-term planning view of the business. It is often said that the major investors in a plc are only interested in short-term gains. **‘Short-termism’** can be damaging to the long-term investment plans of a business.

Quick tip:

To avoid one of the most common errors made by learners, remember that public limited companies are in the private sector of industry, but public corporations are not.

Did you know?

The word 'Limited' or 'Ltd' ('Pte' in some countries) tells us that the business is a private limited company. The use of 'plc' or 'inc.' after the company name tells us that the business is a public limited company.

4. Cooperatives

These are a very common form of business organisation in some countries, especially in agriculture and retailing. It is common to differentiate between producer or worker cooperatives, which are involved with making goods, and consumer or retail cooperatives, which sell goods and services. Certain features are common to all cooperatives:

- All members can contribute to running the business and sharing the workload, responsibilities and decision-making. In larger cooperatives, some delegation to professional managers takes place.
- All members have one vote at important meetings.
- Profits are shared equally among members. In agricultural cooperatives, the members arrange for the purchase of seeds and materials in bulk so that they may benefit from economies of scale.

The cooperative often buys the produce of the members and then sells it collectively to obtain a better price. The advantages of such business units are:

- buying in bulk
- working together to solve problems and take decisions
- good motivation for all members to work hard as they will benefit from shared profits.

The potential drawbacks can include:

- poor management skills, unless professional managers are employed

- capital shortages because the sale of shares to non-members is not allowed
- slow decision-making if all members are to be consulted on important issues.

An example of a cooperative is **Amul**, founded in 1946, which is a famous Indian dairy cooperative owned and managed by farmers, which played a key role in the country's White Revolution.

5. Franchises

A franchise is not strictly a form of legal structure for a business, but it is a legal contract between a franchiser and a franchisee. This contract allows the franchisee to use the name, logo and marketing methods of the franchiser. The franchisee can then, separately, decide which form of legal structure to adopt. Franchises are a rapidly expanding form of business operation. They have allowed certain multinational businesses, which are now household names, to expand much more rapidly than they could otherwise have done. **McDonalds and Ben & Jerry's** are just two examples.

How can Dawoodi Bohra Community Use Business Structures Across Different Supply Chains?

1. Core Idea: Business Structure as a Supply-Chain Enabler

Business structure determines who owns, who decides, who bears risk, and how value flows across the supply chain, and when chosen correctly, it strengthens coordination between the primary, secondary, tertiary, and quaternary sectors.

For the Dawoodi Bohra community, structuring businesses appropriately allows ethical collaboration, risk sharing, continuity, and scale, rather than isolated or fragile enterprises.

2. Using Business Structure Across Economic Sectors

Primary Sector (Farming, Mining, Fishing)

Sole proprietorships or cooperatives work well in the primary sector where businesses are small, family-run, and asset-based, allowing close control and strong relationships with land and labour.

Farmer cooperatives enable bulk purchasing of inputs and collective selling, improving bargaining power and reducing exploitation.

Secondary Sector (Manufacturing, Processing, Construction)

Partnerships, Mushārah, and private limited companies are most suitable in manufacturing, where capital, skills, and risk must be shared ethically.

Mushārah enables multiple community members to jointly invest capital and effort, while Muḍārah allows skill-based entrepreneurs to partner with capital providers without riba.

Tertiary Sector (Transport, Retail, Banking, Hospitality)

Sole traders and partnerships suit small retail and service operations, while franchises and private limited companies support scalability, brand consistency,

and professional management across cities and countries .

Structured ownership ensures service continuity even when individual owners change.

Quaternary Sector (IT, Research, Data, Consultancy)

Private limited and public limited company structures support innovation, research investment, and legal protection in knowledge-based activities .

Legal personality and limited liability encourage long-term research, technology development, and collaboration with institutions.

3. Aligning Business Structure with Supply-Chain Roles

- Suppliers benefit from partnerships and cooperatives that ensure stable demand, fair pricing, and timely payments.
 - Manufacturers require limited liability structures to protect owners while enabling capital investment and compliance.
 - Wholesalers and distributors function best through partnerships or private companies that allow shared risk and coordinated planning.
 - Retailers can operate as sole traders initially and transition into franchises or companies as scale increases.
 - Service providers benefit from company structures that provide continuity, contracts, and professional credibility.
-

4. Managing Risk, Continuity, and Growth

Sole traders offer simplicity but expose owners to unlimited liability, making them suitable only for low-risk, small-scale activities

Partnerships distribute responsibility but require clear deeds to prevent disputes and ensure unity, as emphasized in Shariat guidance

Limited companies protect personal assets, enable capital raising, and ensure continuity beyond the life of individual owners, which is essential for long-term community projects.

5. Supporting Industrialisation and Avoiding Deindustrialisation

Community focus on secondary-sector industry through structured partnerships and companies supports industrialisation, job creation, and value addition, as highlighted in the document

Investment in quaternary-sector capabilities such as research, IT, and scientific methods strengthens manufacturing competitiveness and prevents decline.

How can Dawoodi Bohra Community Succeed in Establishing Proper Business Structures Businesses Across Nations?

Universal Business Structure Success Principles

Across **every country** below, these foundational practices matter:

1. Establish a **formal legal entity** (sole proprietor, partnership, company) appropriate for the scale and risk of your business.

2. Use **written agreements** for ownership, roles, profit sharing, exit, and dispute resolution.
 3. Maintain **transparent accounting, payroll, and compliance records**.
 4. Align structures with **local legal and tax regulations**.
 5. Ensure **ethical governance and fairness** consistent with community values.
 6. Use digital systems early (accounting, HR, compliance, CRM) for scalability and transparency.
-

IN India

- **Best structures:** Private Limited Company, LLP, Partnership, Sole Proprietorship.
 - **How to succeed:** Register with MCA, get GST & professional tax, maintain statutory books (Books of Accounts, Tax returns). Use LLP/Company for scaling and investment.
 - **Key point:** Compliance with Companies Act and GST builds credibility with banks and suppliers.
-

AE UAE

- **Best structures:** LLC, Free Zone Company, Professional License.
- **How to succeed:** Choose the right jurisdiction (Mainland vs Free Zone) based on activity and visa needs.

- **Key point:** Use UAE's business-friendly frameworks to attract international partners.
-

BH Bahrain

- **Best structures:** WLL (Limited Liability), Sole Establishment, Partnership.
 - **How to succeed:** Comply with Labor Law and LMRA regulations; use WPS for wages.
 - **Key point:** Bahrain's startup incentives can lower cost of entry.
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KW Kuwait

- **Best structures:** LLC, Foreign Shareholding company (with local sponsor).
 - **How to succeed:** Partner with a legally compliant local sponsor; formal agreements are crucial.
 - **Key point:** Protect minority interests via shareholder agreements.
-

YE Yemen

- **Best structures:** Sole proprietorship or local partnerships (due to regulatory instability).
- **How to succeed:** Prioritize safety, use conservative cash-based models, work with local experts.

- **Key point:** Legal frameworks are fluid; local counsel is essential.
-

PK Pakistan

- **Best structures:** Private Limited Company, Partnership, Sole Proprietorship.
 - **How to succeed:** Register with SECP, organise tax and labour compliance early.
 - **Key point:** Legal structure improves access to trade credit.
-

MY Malaysia

- **Best structures:** Sdn Bhd (Private Limited), Partnership, Sole Proprietorship.
 - **How to succeed:** Use Sdn Bhd for scaling and foreign investment; comply with HR and tax obligations.
 - **Key point:** Malaysia's economic zones can reduce business costs.
-

BD Bangladesh

- **Best structures:** Private Ltd, Sole Proprietorship, Partnership.
 - **How to succeed:** Register with RJSC, maintain proper income tax and VAT records.
 - **Key point:** Formal structures improve supply chain credibility.
-

SG Singapore

- **Best structures:** Private Limited Company (most common), LLP.
 - **How to succeed:** Use Singapore's global banking, IP, and trade infrastructure to build regional hubs.
 - **Key point:** Maintain substance (local directors) to benefit from treaties and incentives.
-

LK Sri Lanka

- **Best structures:** Private Limited, Sole Proprietorship, Partnership.
 - **How to succeed:** Comply with local trade license and tax systems, use formal bookkeeping.
 - **Key point:** Structured businesses qualify for credit facilities.
-

KE Kenya

- **Best structures:** Private Limited, Sole Proprietorship, Partnership.
 - **How to succeed:** Register with eCitizen, keep proper land/lease agreements, follow employment law.
 - **Key point:** Digital record keeping improves lender confidence.
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TZ Tanzania

- **Best structures:** Limited Company, Sole Proprietorship.
 - **How to succeed:** Use formal business numbers (TIN), tax compliance, and safety certifications.
 - **Key point:** Structured entities qualify for government contracts.
-

UG Uganda

- **Best structures:** Private Company, Sole Proprietorship.
 - **How to succeed:** Register with URSB, maintain statutory books and audit reports where required.
 - **Key point:** Well-structured businesses attract partnerships.
-

MG Madagascar

- **Best structures:** SARL (LLC), Sole Proprietorship.
 - **How to succeed:** Comply with Malagasy business registry, tax and customs rules for import/export.
 - **Key point:** Formal structures help overcome bureaucratic hurdles.
-

GB United Kingdom

- **Best structures:** Ltd (Private Company), LLP, Sole Trader.

- **How to succeed:** Register with Companies House, file annual accounts/confirmation statements.
 - **Key point:** UK entities benefit from strong legal protection and global credibility.
-

FR France

- **Best structures:** SARL (LLC), SAS, EI.
 - **How to succeed:** Follow French commercial code, social security, labour regulations.
 - **Key point:** SAS is flexible for investors and governance changes.
-

DE Germany

- **Best structures:** GmbH, UG (mini-GmbH), KG, Sole Proprietorship.
 - **How to succeed:** Ensure compliance with HGB, payroll, and works councils where applicable.
 - **Key point:** GmbH offers strong liability protection in a high-regulation market.
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IE Ireland

- **Best structures:** Ltd, LLP, Sole Trader.

- **How to succeed:** Use Ireland's low corporate tax benefits; file with CRO and Revenue.
 - **Key point:** Limited companies ease access to EU markets.
-

US United States

- **Best structures:** LLC, C Corp, S Corp, Partnership.
 - **How to succeed:** Choose the right entity for taxes, partners, and state law; maintain EIN, payroll setup, and compliance.
 - **Key point:** LLCs are flexible; corporations help if you seek investors.
-

CA Canada

- **Best structures:** Corporation, Partnership, Sole Proprietor.
 - **How to succeed:** Register federally or provincially, keep corporate minute books and tax compliance.
 - **Key point:** Formal structure improves financing options.
-

AU Australia

- **Best structures:** Pty Ltd, Sole Trader, Partnership.
- **How to succeed:** Register with ASIC, maintain ABN/TFN, GST if applicable.

- **Key point:** Pty Ltd gives limited liability and credibility.
-

Practical Action Steps Across All Countries

- **Choose the right legal entity** for scale and risk (start with Sole / Partnership, scale into Company).
 - **Document governance:** ownership, roles, profit sharing, exits, succession.
 - **Formalize agreements** with suppliers, distributors, and employees.
 - **Hire local legal/accounting advisors** for entity setup and compliance.
 - **Adopt digital systems** for accounting, payroll, inventory, CRM, and compliance.
 - **Train teams** in governance, ethics, and technology.
 - **Ensure ethical supply chain policies** aligned with community values (transparency, fairness, no exploitation).
 - **Review structure periodically** as the business grows or enters new markets.
-

Why this matters for Dawoodi Bohra businesses

- **Legal structures** protect personal assets and build credibility.
- **Proper governance** supports continuity across generations.
- **Formal compliance** ensures access to banking, credit, and global partnerships.

- **Scaling frameworks** (company structures) enable expansion across countries and sectors.
 - **Ethical governance** aligns business practice with community values and builds trust in wider markets.
-

الداعي الاجل سيدنا عالي قدر مفضل سيف الدين طع همیشه تأكيد فرماوے چھے کر مؤمنين پوتانا وپارنے زمان نا حساب سي چلاوے انے ودھاوے، ير مجرى ما module ما الگ الگ economic sectors ني ذکر تھئي، مختلف ماليك كئي طرح زمانر انے اھنا حالات نے مد نظر راکھتا هو ايک sector سي بيسرا sector طرف وپار انے economy نے upgrade کرے چھے ايم ذکر تھئي، ير مجرى ما industrialization انے deindustrialization ني ذکر تھئي، اڄ نا زمان ما عالم ما industrialization رائج چھے، ير مطابق مؤمنين industry قائم کرے انے اھا عباد الله نے نفع پہنچے ير متعلق حضور اعلى طع وارموار هداية فرماوے چھے انے اھنا وپراج عمل جاري چھے، تر بعد ايم ذکر تھئي کر وپار نا ownership ني الگ الگ اقسام هوئي چھے، اھا sole trader, franchises, limited companies, cooperatives انے شامل چھے، اھا شريعة محمدية ما partnership واسطے خاص رغبة بتاوا ما اوي چھے، جر امر مطابق اڄ الداعي الاجل سيدنا عالي قدر مفضل سيف الدين طع partnership انے partnership deed بناوانا وپر خاص تأكيد فرماوي رھيا چھے. اپ مولى جر اپنا هر دقيق و جليل امور ما نظر فرماوے چھے، ير مولى ني عمر شريف نے قيامة نادن لگ درازانے دراز کر جو، امين.

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Sr No.	Glossary
1	Command Economy: An economy fully controlled by the government, which decides what to produce and at what price.
2	Continuity: The ability of a company to continue existing even if owners or directors change or die.
3	Cooperative: A business owned and run by its members who share responsibilities and profits equally.
4	Deindustrialisation: The decline of manufacturing activity with a rise in the service sector.
5	Effluent Treatment: The process of treating industrial waste or wastewater before releasing it into the environment.
6	Economies of Scale: Cost advantages gained through large-scale production or bulk purchasing.
7	Franchisee: The person or business that buys and operates the franchise.
8	Free-Market Economy: An economy where prices and production are determined mainly by supply and demand.
9	Initial Public Offering (IPO): The first sale of company shares to the public to raise capital.
10	Legal Personality: The recognition of a company as a separate legal entity that can sue or be sued.
11	Limited Company: A business with a separate legal identity and limited liability for shareholders.
12	Limited Liability: Protection where the personal assets of shareholders cannot be taken to repay business debts.

13	Mixed Economy: An economy where both government and private businesses play significant roles.
14	Pilot Plant: A small-scale industrial setup used to test processes before full production.
15	Short-Termism: Focusing on short-term profits rather than long-term growth.
16	Unlimited Liability: Legal condition where the owner is personally responsible for business debts.

About HQHB & TR

We are a department formed by the 52nd Dai-al-Mutlaq Syedna Mohammed Burhanuddin RA as a part of the chain of events that took place on the auspicious occasion of His Golden Jubilee to commemorate 50 years tenure as the leader of the Dawoodi Bohra Community. We educate mumineen about Qardan Hasana and doing Business compliant with Fiqh-e-Fatemi and its benefits in the world and, thereafter, fostering economic and social growth. To summarise, AL-TIJAARAT-AL-RAABEHAH & IDAARAH HASANAAT AL-QARD AL-HASAN AL-BURHANIYAH are non-commercial, religious departments.



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