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Network Marketing from an Islamic Economic Perspective

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Abstract

This study discusses network marketing from an Islamic perspective. The study aims to analyze the sharia opinions about the legality of network marketing and its ruling in Islamic law by reviewing the opinions and their evidences. The study reaches several results and recommendations, the most important of which are: Some laws have created standards separating the permissible and impermissible network marketing, and that one of the legal standards that separate legal network marketing from others is the US Federal Trade Commission standard. Another result is that Western laws have not succeeded in controlling fraud and scam companies in the field of network marketing, and therefore their dire economic consequences are greater than their benefits. So, it is necessary to activate the role of Islamic Sharia and strengthen the role of psychological scruples in combating frauds and deceptions. To achieve the objective of the study, the researcher adopts the qualitative approach and its tools: analysis, comparison, induction, and observation. The importance of the research lies in its discussion of network marketing, which is one of the most important pillars of the modern era, especially in terms of activating trade exchange that challenged the spatio-temporal conditions through information and communication technology.

Keywords: Islamic Economy, Islamic Sharia, Network, Marketing.

Introduction

Islamic thought deals with the economic aspects of people's lives from their various theoretical and scientific aspects. Islam is an integrated life approach that includes all aspects of life and its sharia is valid for all times and places. It is a sharia for all people and is based on a set of fixed universal rules, this gives it a fixed character. It leaves the branches and details to be adapted according to circumstances and conditions, which gives it a flexible character. (Brahmi, 2017, p. 235). Islam provides a legislative platform and guidance for humanity to transfer it from darkness to light. The almighty Allah said: "This is a Book which We have revealed to you 'O Prophet' so that you may lead people out of darkness and into light, by

the Will of their Lord, to the Path of the Almighty, the Praiseworthy." (Ibrahim, 1). The provisions and rulings of this approach regulate people's relations with each other and establish this relationship in a teleological and beneficial framework that guides them to what is best for them, and also guides them to their role in this life, which is to worship the almighty Allah and the reconstruct the earth.

The modern era is the era of the knowledge revolution and technological development of all kinds. All organizations, whether service or industrial, are constantly striving to achieve their quest for survival, growth and stability in light of intense competition. Marketing of products has become a strategic and important matter in the company's growth, and in winning new clients and customers. Nowadays, marketing is considered one of the strategic options to achieve this objective, whether it is real goods or services or electronic commerce and the like. The methods and style of commercial marketing have diversified. Contemporarily, it also can be used neuromarketing tools to study the individuals' behavior (see Alsharif et al., 2021a; 2021b, 2021c; 2021d; 2021e; 2022; 2022).

A new type of modern marketing has emerged, which is what is known as digital or network marketing, or what is called multi-level marketing, which aims to include a large segment of people, and make them permanent or continuous customers. This type of marketing has received a lot of attention and spread in our time.

Background of the Study

In the modern era, many complex economic transactions have appeared that require clarification and study by jurists in order to regulate people's transactions within the framework of the provisions and purposes of revelation. One of these transactions is network marketing that involve recruiting other people to work in the company (Yaakob et al., 2020). The study of emerging transactions - such as digital marketing - requires three stages, which are:

The first stage: the representation of the issue by its people: This stage requires presenting the new issue from an applied technical point of view. The correct depiction that conforms to reality is a prerequisite for the validity of the fatwa and its conformity with the actual reality for which it is responsible. In fact, misrepresentation leads to a fatwa that conforms to what is understood from that presentation, not to what is in reality.

The second stage: the jurisprudential adaptation of the new issue: That is, attaching it to the appropriate chapters of jurisprudence and its sections, it may be attached to a named section or new unnamed one. This stage prepares for the sharia ruling on the issue. The jurisprudential adaptation of the new issue depends on its correct conception and understanding.

The third stage: the sharia ruling on the new issue: the sharia ruling is the speech of Allah related to the actions of those charged with obligatory, optional, and adaptational commands. At this stage, the Sharia ruling is adapted to the new issue. This stage is considered one of the most dangerous stages, and the one who applies it shall verify the case before adapting the Sharia ruling. This requires taking into account the two previous stages, and making sure that the one who will issue a fatwa does not contradict a definitive provision or a consensus and does not invalidate the purposes of sharia.

The Problem of the Study

In light of technological development, economic institutions have begun marketing their products, whether goods or services, via the Internet. This is what is known as network marketing. The problem of the research is manifested in studying digital marketing according to its three stages, starting with the technical identification of the concept of network marketing, and then the explanation of the emergence of this new transaction, and the position of systems and countries from them, in addition to highlighting the opinions of economic experts, and a demonstrating the positive economic effects. As for the jurisprudential position on the issue, it is necessary to present the contemporary jurisprudential trends and opinions on the issue, and then build the sharia ruling based on the correct premise and accurate jurisprudential knowledge.

The Significance of the Study

The significance of the study is manifested in the fact that network marketing is one of the most important pillars of the modern era, especially in terms of activating trade exchange that challenged the spatial and temporal conditions through information and communication technology. This calls for an explanation of the sharia regulations for this process so that it can be in accordance with the principles of Islamic Sharia, so that dealing with it can be permissible in Islam. Islam stipulates that all processes to abide by the Islamic law (Nayar, 2015). As for the practical aspect, its importance lies in demonstrating the extent to which the economic effects of network marketing are achieved at the level of economic institutions in light of the commitment to the application of sharia regulations.

The Concept of Network Marketing

Network marketing is a recent concept. The first to practice this type of network marketing was a company called California vitamins in 1954. It is a company that originated in the United States of America and specialized in cosmetics, cleaning materials and nutritional supplements (Laila Mtaly, 2016). In order to understand the nature of this marketing, we shall understand normal marketing, in which all the reciprocal marketing process that provides something of value to obtain something of value is available. We offer money in order to obtain a product such as food, drink, and others. Marketing as a contemporary concept is defined by the American Marketing Association as the performance of business activities that is concerned with the flow of goods and services from the producer to the consumer (Alexander, 1960).

What is meant by this marketing is a human activity that aims to satisfy needs and desires through the exchange process, or it is the process of determining the desires and needs of customers and providing goods and services that meet or exceed their expectations. (Matali, 2006, p. 7). Or it is an administrative and social process through which individuals or groups obtain their needs and desires by producing and exchanging products and benefits among themselves. (Dudin, 2011, p. 16). Network marketing is defined as: a marketing program in which participants buy the right to hire more participants, sell products or services, and compensate for sales by the people they have recruited, in addition to their own sales (Youssef, 2011).

As for network marketing, it is defined by (Barker, & Neher 2012) as: a method of network selling that allows those who participate in it to create their own network through which they can recruit many new customers, and sell them the service or product, in return for a commission they get for each new subscriber, and so on (Barker et al., 2013). Another

definition stated: network marketing is a direct marketing system that promotes its products through buyers by giving them financial commissions for everyone who buys through them, according to certain conditions (Al-Shahrani, 2010).

Contemporary Trends in the Ruling of Network Marketing

Islam seeks to provide detailed explanation of new concepts such as network marketing to help people in their economic transactions (Sabry, 2020). Contemporary jurists differed in the ruling of network marketing, they can be divided into two groups as follows:

- **First Group**

Some contemporary jurists discuss the following question: Is Network Marketing Permissible? they are in favour of the permissibility of network marketing, including the Libyan and Tunisian Dar Al-Iftaa, the Fatwa Committee at Al-Azhar, the Fatwa Committee at the University of Jordan, Sheikh Abdullah bin Jibreen and Sheikh Salman Al-Awda, and they cited several evidences (Balfakih, 2009, p. 16):

1. The almighty Allah said: "But Allah has permitted trade and has forbidden usury." (Al-Baqarah, 275). This verse indicates generality, so the basic and normal thing in sales is that it is permissible unless there is a text or provision prohibiting it. Network marketing is a new concept for which there is no direct provision. This evidence is out of dispute because both groups agree that the normal thing in transactions is permissibility, and the difference occurred due to the presence of prohibitions in the transaction.
2. Network marketing is a type of brokerage, and the commissions that the marketer takes are in return for the marketing and promotion of the company's products. The objectors say that in the brokerage contract, the broker gets a commission for promoting the commodity, so the purpose of the contract is to promote the commodity. As for network marketing, the marketer pays a fee for the marketing, and the contract is intended to promote commissions and profits, not commodities.
3. Network marketing is a type of paid agency, so the company concludes an agency contract with the marketer to promote products in return for commissions for that effort.
4. The network marketing commission is included in royalty (Al-jo'ala). The jurists defined it as: "A commitment to a known compensation for a specific known or unknown act" [Al-Iqnaa fi Hal Alfath Abi Shuja' 2/353]. This jurists say that the royalty payor does not give money to the royalty holder in the beginning, so the holder only loses his effort. In network marketing, the marketer gives money in any form whatsoever.

The researcher believes that these previous adaptations are close to each other, the difference remains in attaching network marketing to the royalty contract or lease contracts, it is better to attach it to the royalty contract because the work shall be known in the lease contract. As for the work in the royalty contract, it is not required to be known, and this is consistent with network marketing, which is considered a marketing contract.

Some of the proponents of this view restricted the permissibility of network marketing with three conditions:

1. The network marketing commodity shall be permitted and known.
2. The company's work shall not be prohibited by state law.
3. Absence of fraud and deception.

Sheikh Salman Al-Awda is one of the distinguished legalizers in this group. He stipulated that the company's products should be serious and not be fictitious. His fatwa stated: "What I prefer is that the ruling on this issue and the like depends on the reality of the situation. If the available services are strong and appropriate and have a distinction from others, either by quality or by cheapness, and accordingly they were subscribed to by others to benefit from them and market them to others, then this is permissible, and this was confirmed to me by a number of subscribers in the company. But if the services, programs or goods are in this company, or in any other company that adopts the same system, fictitious or weak, and has no real value, and people participate and market them to obtain the financial return that awaits them if they convince other people, then it is forbidden, and Allah knows best".

This opinion was discussed in terms that the commodity is just a curtain, and the biggest purpose of network marketing is the large commissions, and it has nothing to do with the quality or cheapness of the product (*BizNas and Network Marketing*, n.d.). Therefore, the Fatwa Committee of the University of Jordan has stipulated another condition: the subject commodity of the contract shall have a financial value that is legally acceptable and that he can be benefited from, and not be a cover for usury.

- **Second Group**

The majority of contemporary jurists are in favour of the prohibition of network marketing, including the Islamic Fiqh Academy in Sudan, the Jordanian Ifta Department, the Egyptian Dar al-Iftaa, the Permanent Committee for Issuing Fatwas in Saudi Arabia, the Palestinian Dar al-Ifta, Dr. Sami al-Suwailem, who was the first to write about this issue, Dr. Youssef al-Shubaili and Dr. Ahmed al-Hajji al-Kurdi. And Dr. Hussain Shehata, Dr. Hussam Al-Din Afaneh and others, and they cited several evidences for a Fatwa about Network Marketing Company, namely :

1. The existence of gambling, which is prohibited by Sharia, because of the risks and deception that it involves; Allah said: "O you who have believed, indeed, intoxicants, gambling, [sacrificing on] stone alters [to other than Allah], and divining arrows are but defilement from the work of Satan, so avoid it that you may be successful." (Al-Ma'idah, 90). The product is not the core of the transaction, and the participant pays money for the potential of higher profits or losses.

The a fatwa of the Jordanian Ifta' Department is: "The method of network or hierarchical marketing and taking commissions on it is not from Sharia with its many forms that are widespread today, but rather it is a forbidden gambling, because the participants usually do not participate except for the purpose of collecting rewards for bringing other customers. If the subscriber brings a number of customers, and fulfills the conditions of the company, he takes a commission, which may be more or less than the amount he had initially paid. If he fails, he loses the whole amount, and this possibility leads the transaction into suspicion of gharar and gambling. The reason for the prohibition is the obligation of the subscriber to pay money in advance, whether to subscribe or purchase unintended goods, period.

The fatwa of the Permanent Committee for Issuing Fatwas stated: "Because the subscriber does not know whether he will succeed in obtaining the required number of subscribers or not? Network or hierarchical marketing, no matter how long it lasts, shall reach an end. The subscriber does not know, when he joins the hierarchy, whether he will be in the upper classes and be a winner, or in the lower classes, and be a loser? In fact, most of the

members of this hierarchy are losers, except for the few at the top. So, the loss is most likely to happen, and this is the reality of gharar, which is the hesitation between two matters, most of which are the most fearful, and the Prophet, peace and blessings be upon him, forbade deception (*The Ruling on Network Marketing*, n.d.).

The response to this is that the existence of a beneficial commodity negates the suspicion of gambling and deception; Professor Ibrahim Al-Kaltham says: "Where are the gambling, cheating, deception, and deceit, even though the commodity exists and the benefit is realized, and where are the deception and ignorance? Rather, it is negated in this issue. You can ask those who participated in BizNas company if it deceived them or promised them something and evaded that. This is not included in the company's work. Rather, everyone who bought the product knows it well and knows its benefit. Moreover, the company gives the option to those who bought the product to try the product for three days, and if there is a difference in it from what they were previously told, they may return it and receive what they paid. As for the fact that some of them did not receive commissions, the company did not promise the people to profit, but rather opened the way for those who wanted to market and explained the method of marketing and explained the terms of marketing and Muslims abide by their sharia provisions in that, there is no condition that permits the forbidden or prohibits the permissible, period.¹

2. The presence of both types of usury (riba al-Fadl and usury al-Nasee'ah) in the transaction; the fatwa of the Permanent Committee for Issuing Fatwas stated: "The subscriber pays a small amount of money to get a large amount of it. It is money for money with differential and delay, and this is a usury that is forbidden by sharia provisions and by consensus. The product that the company sells to the customer is nothing but a cover for the exchange, it is not intended for the subscriber, it has no effect on the ruling (*Alkaltham Response to Sowailem about Network Marketing*, n.d.).

Dr. Sami Al-Suwailem says: "The jurists from the four schools of thought and others have agreed that if the exchange includes cash in one of the two exchanges, and includes a commodity and cash in the other exchange, and the initial cash is less than or equal to the sum of the cash and the commodity, then it is forbidden without any dispute between them, because the exchange then will likely be cash to cash. If the exchange is prohibited, even if the cash in the two exchanges is present, then it is more appropriate to prohibit it if one of them includes deferred cash. This is exactly what happens in these companies, where the participant is promised to get cash commissions more than price of the commodity he paid, and these commissions may or may not occur, so the exchange includes both gharar and usury".

3. Network marketing includes consuming people's property unjustly, this is because the owners of the company and those at the top of the pyramid are the ones who reap huge profits at the expense of the lower class that is not able to obtain the desired profits because of the saturation of the market or the depletion of the lists of buyers from their acquaintances, or otherwise. The response to this is that money that the marketer pays is in exchange for a commodity that he benefits from, so there is no loss or consumption of people's money unjustly. This may rather appear through the marketer's inability to come up with the necessary conditions when bringing new customers, he would thus lose his effort and the incurred costs, and the company obtains profits.

¹ The General Presidency for Scholarly Research and Ifta' website, <https://goo.gl/iTMjg6>.

4. Fraud and deception enters the transaction by exaggerating the benefits of the promoted commodity, or tempting new subscribers with the huge commissions that they will earn from their participation.

Sharia Ruling on Network Marketing

- **Subject of Agreement**

There is no disagreement among contemporary scholars regarding the permissibility of network marketing with all its plans if it is free of two things: One of them relates to the origin of the transaction: it is the condition of purchase in exchange for a marketing incentive, and thus every marketer has the right to take a commission for his successful marketing. This is from legitimate brokerage in Islam. The other relates to the product: the marketed product shall not include what is contrary to Islamic sharia, such as the absence of the condition of exchange between usurious parties, or the marketing of what contains crosses or forbidden figuration, and so on.

- **The Point of Contention**

The dispute occurred in its famous form: (Buy to market, you may earn).

- **The Reason for Contention**

When examining and reflecting on the words of the scholars on this issue, it appears that the strongest reason for contention lies in the answer to the following question:

What is the purpose of the network marketing system: the product or the commission (marketing incentive)?

Introducing Opinions

The majority of contemporary scholars are in favour of the prohibition of network marketing. This is also the ruling of several fatwas issued by scientific bodies such as the Permanent Committee for Scholarly Research and Ifta' in Saudi Arabia, and the Islamic Fiqh Academy in Sudan.

It was also discussed by a group of specialists in Islamic economics and the jurisprudence of contemporary financial transactions, including: Dr. Sami Al-Suwailem, who was the first to write the saying on it, Dr. Ibrahim Al-Dhareer, and Dr. Ali Al-Salous, and other scholars. They agreed on the prohibition of this transaction and considered both of the two network marketing processes (purchasing and marketing) as an integrated commercial industry, taking into account the general principles that the Shariah came with in the types of transactions, such as looking at the facts and outcomes, purposes and intentions, and closing the door of deceits and pretexts that lead to the Haram (impermissible).²

Some contemporary scholars have given fatwas in favor of the permissibility of network marketing³, among these are: the general Secretariat of Fatwa at the Egyptian Dar Al-Iftaa, Dr. Salih Al-Sadlan, and Sheikh Ahmed Al-Haddad (e). The transaction was apparently

² Fatwa of the Standing Committee No. (22930) dated 3/14/1425 AH, Fatwa of the Islamic Fiqh Council in Sudan dated 04/25/1424 AH, and another fatwa dated 18/1/1420 AH

³ This is in view of the essence of the transaction in general, as mentioned above regarding the objectors. What some of them mentioned of restrictions that have no effect on the reality of network marketing (buy to shop, you may earn).

judged without linking its two pillars (purchasing and marketing), this is the starting point of these scholars, by separating the purchase process from marketing, and considering each of them an independent transaction, without considering the intentions of the buyers as long as both contracts fulfill the conditions of apparent validity.

Introducing the Evidences of the Two Groups

Evidences of those who say that it is Forbidden⁴

1- It is from the gambling that the Sharia prohibits because of its risk and gharar. Allah said: "O you who have believed, indeed, intoxicants, gambling, [sacrificing on] stone alters [to other than Allah], and divining arrows are but defilement from the work of Satan, so avoid it that you may be successful." (Al-Ma'idah, 90). This inference is based on the fact that the commodity is not the purpose in this transaction, the subscriber wants the marketing commission. This cancels the consideration of the commodity, and its role is annulled, which results in the following form: You pay an amount in exchange for expected amounts that may or may not come. This is the core of gambling, as the marketer who paid the money does not guarantee that someone will buy through him, especially in the lowest levels of the network.

A statement by the Islamic Fiqh Academy stated: "Network marketing in reality consists of intervening gambling rings, the gambling money is embedded. The winner is the one who came first in the network, and the risks exacerbate in the lower base of the pyramid that attempts to reach upper ranks. The opinion of some Western economic experts agrees with this jurisprudential opinion in comparing network marketing and gambling. What is even more impressive than this is that some studies prove that the rates of loss in network marketing are greater than the rates of loss in gambling.

2- This transaction includes the two types of usury: al-Fadl and al-Nasee'ah. The almighty Allah said: "O you who believe! Reverence Allah, and forgo what remains of usury, if you are believers. If you do not, then take notice of war by Allah and His Messenger. But if you repent, you may keep your capital, neither wronging nor being wronged." (Al-Baqarah, 78-79).

As for al-Fadl usury, it is because the subscriber pays an interest-based money to get more of it, (pay ten and get fifteen). If this is joined by the deferment of the earned amount, it becomes Al-Nasee'ah usury as well, "It is money for money with differential and deferment. This usury is forbidden according to the Islamic text and by consensus."⁵

3- Network marketing includes consuming people's money unjustly, the almighty Allah said: "O you who believe! Do not consume each other's wealth illicitly, but trade by mutual consent. And do not kill yourselves, for Allah is Merciful towards you." (An-Nisa', 29).

The reason for this is that the owners of the company and those who are at the top of the pyramid are the ones who reap the huge profits at the expense of the lower classes that increase in the hope of obtaining profits, but they often do not succeed to obtain that due to the saturation of the market, or the depletion of the lists of buyers from their acquaintances. This also appears in the case in which the marketer is unable to meet the necessary conditions for obtaining commissions while bringing new customers. Thus, he loses a lot of his time and effort and perhaps the cost of communications, then gets nothing, while the company gets profits from that.

⁴ See: Network Marketing for Thiabi (51-76), Marketing for Al-Shahrani (535-541), Dr. Sami Al-Suwailem's fatwa on Barnas Company, jurisprudential adaptation of network marketing companies by Dr. Ibrahim Al-Dhareer.

⁵ From the fatwa of the Permanent Committee for Scholarly Research and Ifta'

This reasoning and the other reasonings before it point that the buyer obtains the products in exchange for his money, so where are the gambling, usury and theft?

4- The transaction involves a kind of fraud and deception in its origin or its products, and that lies in:

- The illusion that the purpose of the transaction is the product, but this is not the case.
- Tempting buyers with huge illusory commissions that they will earn from purchasing to participate in this system.
- Exaggeration in the benefits of marketed products in the hope of expanding the marketing network, which may lead the marketer to lie, deceive and cheat.

The prophet, may Allah bless him and grant him peace, said: "Both parties in a business transaction have a right to annul it so long as they have not separated; and if they tell the truth and make everything clear to each other (i.e., the seller and the buyer speak the truth, the seller with regard to what is purchased, and the buyer with regard to the money) they will be blessed in their transaction, but if they conceal anything and lie, the blessing on their transaction will be eliminated." (Reported by Al-Bukhari (1973) and Muslim (1532)).

5- When looking closely at the reality of network marketing and its consequences, one can find its clear violation of the economic philosophy of Islam, which is based on the proper currency internationalization among members of society. Dr. Shehata says: "Network marketing does not achieve economic development from an Islamic perspective, but rather achieves a consumeristic environment that spends a high percentage of people and efforts that could have been directed to investment projects that provide jobs to the unemployed.

Evidences of the Legalizers

1- The original opinion with regard to financial transactions is permissibility, as established in the rules of Sharia, the almighty Allah said: "Allah permitted commerce, and prohibited usury" (Al-Baqarah, 275). Network marketing is not more than a type of new sales for which no text from the book or the Sunnah has come to forbid. So, it is returned to the origin of permissibility.

It was argued that a number of issues entered into this transaction, some of which suffice to transfer it from the principle of permissibility to prohibition, including: gambling, deceit and consuming wealth unlawfully, so how about the combination of all of them.

2- It is a legitimate brokerage. The company gives these commissions in return for promoting its products and their purchase, exactly like the owners of real estate who allocate a part of the amount of the sold land to the broker who guides the buyer to buy it. It is argued that there are significant differences between brokerage and network marketing campaigns, with which attachment and measurement are prohibited, look at the following comparison:

- In the brokerage process, it is not required for the broker to buy anything, while in network marketing, the marketer is required to buy the company's product.
- In the brokerage process, the broker deserves his share on each transaction, while in network marketing, the marketer does not take the commission except after meeting some conditions.
- In the brokerage process, the commodity is the purpose of the broker, while in network marketing the commission is the purpose of the marketer for the buyer.

3- The price that the buyer apparently pays is in return for the commodity, and the commission that he takes in return for the effort of the marketer, so as long as the commodity

is the purpose, there is no gambling or usury. It is also argued that the commodity here is not the purpose, its existence is not influential, and the real purpose of this transaction is the commissions, and the commodity is only a cover to give legitimacy, this is a form of forbidden fraud that the texts of Sharia forbids and warns from its owners. Jabir bin 'Abdullah reported that during the year of the Conquest, while he was in Makkah, he heard the Messenger of Allah say: "Allah, the Mighty and Sublime, and His Messenger have forbidden the sale of alcohol, dead meat, pigs and idols." It was said to him: "O Messenger of Allah, what do you think of their fat of dead animals, for it is used to caulk ships, it is daubed on animal skins, and people use it to light their lamps?" He said: "No, it is unlawful." Then the Messenger of Allah said: "May Allah, the Mighty and Sublime, curse the Jews, for Allah forbade them the fat (of dead animals) but they rendered it, sold it, and consumed its price." (Al-Bukhari (2121), Muslim (1581))

Al-Khattabi said: "This is an evidence of the invalidity of every deceit that aims to reach a forbidden act, its ruling does not change if its appearance and name change (Ma'alem Al-sunan (5/129)).

Ibn al-Qayyim said: "The forms of contracts are not sufficient in allowing them unless they do not intend a corrupt intention, and everything that has an "if" as condition in the contract is forbidden and corrupt because their intent is forbidden and corrupt. This condition is an announcement and manifestation of corruption, and its intention is fraud and deception. It may be more corrupt than the apparent condition from this aspect. The apparent condition is more corrupt than it in terms of announcing and showing what is forbidden." (Elaam Almowaqeen (3/172)).

4- Commissions in network marketing are part of royalty (reward) in Islam, which the subscriber is entitled to when he brings new clients to the company. It is argued that there is a real difference between them from two aspects, first: royalties do not require purchase, unlike network marketing, and second: the majority of jurists enjoin a right to the worker in royalties if he royalty payer benefits from the work of royalty holder. It is mentioned before that there is a possibility of depriving the subscriber of commissions if he does not fulfill the required condition (See: Fiqh Adaptation for Companies of Network Marketing by Dr. Ibrahim Al-Dhareer.

5- It is under the category of the permissible agency contract for a fee. After completing the process of buying and selling the product, the company concludes an agency contract to distribute the products or an oral authorization to do so, whereby the distributor receives commissions in return for his effort in marketing. It is argued that this is permissible due to the differences between the two transactions, the most evident of which is that the agent in the agency contract does not pay to become an agent, but rather takes the agreed-upon fee, while in network marketing, the agent pays a fee to enter the marketing network, and this confirms the permissibility of agency contract.

Discussion and Conclusion

After the research presentation of network marketing from an economic and legal perspective, the following results are reached:

- As a result of the confusion between the concept of network marketing in its ethical form and the methods of fraud that are called hierarchical marketing, some regulations established criteria separating the permissible and impermissible network marketing.

- The researcher believes that the sharia ruling on network marketing companies that requires the payment of a sum of money or the purchase of a commodity, is the prohibition due to the presence of gharar, and the spread of fraud. Its disadvantages have become much greater than its advantages, the jurisprudential rule says " warding off corruptions/evils takes precedence over bringing benefits."
- One of the legal criteria that separates legal network marketing from others is the US Federal Trade Commission standard, which stipulates that hierarchical marketing programs, whether based on abstract financial subscriptions or involved goods as an intermediary, share with each other promises to consumers and investors to reap large profits based on recruiting others to join their program, not on the basis of real investment or real sale of their products. There is no retail sales in the markets or to consumers, but sales are limited to recruited people within the pyramid. Network marketing, on the other hand, sells products to the general public, and it does not ask these consumers to pay anything additional or enter into their marketing system.
- Economic experts believe that Western laws have not succeeded in controlling fraudulent companies in the field of network marketing, and therefore their economic disadvantages are greater than their benefits.

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