

# **ISLAMIC VALUES AND ETHICAL SYSTEM TOWARDS BUSINESS: DOES ISLAM PROVIDE BEST FRAMEWORK TO THE CORPORATE WORLD?**

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## **Abstract**

*The role of ethics in the corporate world is unique in the war of competition because image building is the real profit for marketers and ethics is something its necessary ingredients. The image building block of marketers is some time damaged when it is morally attacked by some unethical issues. Those issues then infect the whole body of the system which may cause the winding in its extreme situation. Question raises what are those ethical issues and how to overcome these issues? Islamic Ethics is the combination of two sources, The Qur'an (Holy Book) and Sunnah (recorded saying and actions of Prophet Muhammad S.A.W.W). These tools provide best ethical Framework to corporate world in dressing and guidelines to overcoming the issue with practical set of examples.*

*Keywords: Islamic Work Ethics, Islamic Values, Ethical System, Corporate World*

## INTRODUCTION

Based on real facts and situations, Islam provides every aspect of life with clear cut frame of reference and provide brief discussion and practical example of human practices. Likewise Islam teaches about the economic operations and trading concepts whether domestic or global. According to Chapra (1992), both of these sources are based upon the concept of human well being and quality of life which focus on equality, socio economic justice and the satisfaction among the human material and spiritual needs.

Ethics are values followed by the concerned people (Muhammad Fakhar, 2012). In the Islamic society, marketing get a numerous places in the economy and considered a sign of stability and prosperity. Both The Qur'an and Sunnah promote through practical implications and set an example for followers. Allah addressed in the Qur'an (2:275) "Although Allah has made trading permissible and has forbidden usury". Another place in the Qur'an (61:10) Allah says "O ye who believe! Shall I guide you to a trade that will save you from a painful torment?" Going through the same concept, in The Qur'an(24:37) Allah says "Men whom neither trade nor sale distracts from the remembrance of Allah, or performing *Salat*, or from paying the poor-due.(They are so humble that) they fear the Day when hearts and eyes will be overturned(due to horror)". The verses of the Holy Qur'an provide straight forward instructions for marketing and also induce toward the business but at the same time they put some foundation on it and remaining in that limitations, human being is permitted to be trading.

The Prophet Muhammad S.A.W.W also boosts up the fair business concept and encourages the marketers by saying that "The truthful and honest merchants is with the prophets". Honest marketing and transparency in transactions are the basic guidelines that provide by Islamic society in order to make the business successful and profitable. Allah Apostle restricts the deception and corruption by stating "Truthfulness leads to the good deeds and the latter guides to heaven" (Al-Hashimi, 2001).

The fairness and justice in business activities is the critical issue for the traders which needs more remedy actions. Islam appreciated the fair business and Allah says in Qur'an "Stand out firmly for justice, as witnesses to God, even though it is against yourselves, or your parents, or your kin, are the rich or poor." (Qur'an 4:135).The banking sector is a rising sector which adjust and manage their costumer's religious obligations and set their operations according to it and they are the good examples of ethical standards in corporate world. Likewise" Islamic banking which refers to a system of banking which is consistent with the principles of Islamic law (Shari'ah Islami'iah). The Shari'ah governs every aspect of a Muslim's life, viz. Spiritual, economic, political and social, and faithful execution of duties and obligations based on the Shari'ah is recognized as a form of worship. The Shari'ah is concerned with promoting justice

and welfare in society (al-adl and al-ihsan) and seeking God's blessings (barakah), with the ultimate aim of achieving success in this world and hereafter "al-falah" " (Haniffa & Hudaib, 2007). Furthermore, in order to maintain the stability in market activities, the Prophet selected market persons who were known for their piety and sound judgment to supervise market transactions and prevent exploitation (Ali 2005; Siddiqui 1987). For this reason, the second Caliph, Omer (R.A), stated, "Only he who is a religiously learned person can sell in our market.

## **PRACTICING ISLAMIC WORK ETHICS**

Islam provides a sound and complete ethical system for every aspect of life. It provides a sound framework that is the combination of The Qur'an (Instructions of Allah) and Sunnah and form a complete discipline for living with the name of "Islam". Allah says in The Qur'an (3:19) "Indeed, the only (Correct and acceptable) religion with Allah is *Islam*". The Islamic perspective society has initiated its basic norms in the principles of justice, equity and also creates values for means of living. The relation between ethics and marketing get a point of attention in recent business world and the researchers continuously try to identify basic set of ethical standards that are to be considered while entering the corporate world.

Most of what we read under business ethics is either sentimental common sense or a set of excuses for being unpleasant. Some of business ethics are easy to talk and simple to rule „nice people do nice things; nasty people do nasty things". For us, and hopefully soon for others, business ethics are the best window dressing for all kind of business (Muhammad Fakhar, 2012). It is worth noting that the Islamic perspective is also quite unique regarding this particular aspect of human activity for three reasons. First, Islam does not recognize any division between the temporal and the spiritual dimensions since an individual's quest to propitiate God and follow His commands permeates through all aspects of the individual's daily activities (Nadwi, 1978).

Second, all endeavors of a person, including any commercial pursuits, constitute and represent part of his religious beliefs (Al-Faruqi, 1992). In other words, everything that an individual undertakes is part of worship (*Ibadah*) of God. Third, in Islam, all Commercial pursuits (including national or international marketing) are considered at par with any other forms of worship (*Ibadah*).

In The Qur'an (107: 1–7) follows that a person's entire life represents a series of activities for which he/she is responsible and will be accountable for to God. Given that commercial transactions are part and parcel of people's daily lives, in Islam undertaking of each and every transaction represents a task that must be executed in accordance with Islamic law and teachings. It is not surprising to learn, therefore, that marketing ethics merit special

attention in Islam and constitute a separate discipline underpinned by documented practices of the Prophet Muhammad (S.A.W.W).

“In Islam, the fact that a corporation is a fictitious entity does not diminish the responsibility of its owners (shareholders) or their representatives (managers) for its actions. For example, should a firm engage in areas of business that are prohibited in Islam (haram) such as the production/sale of alcoholic drinks, prostitution, etc, then a share- holder should withdraw her/his investment from that firm and invest in permissible (halal) areas of business. As the representatives of the shareholders, managers too are responsible for safeguarding the investments of the shareholders because of the amana (trust) principle discussed earlier. They need to ensure that the firm engages only in halal activities, and that day-to-day business activities are conducted in a transparent and ethical manner along the criteria of adl, qist and Ihsaan.” (Beekun & Badawi, 2005). The Islamic ethical system made of some basic principles that provide guidelines which are necessary for achievement and conducting the fair business. Gillian Rice (1999) describe these guidelines are unity, justice and trusteeship. Lets we have to explain these guidelines.

#### **a) Unity (Touheed):**

Islam is the law of nature and its business philosophy excess only when the relationship between human being with Allah becomes stronger. In fact this is the religion that link success to the actions if human being makes it with the accordance of Allah will and surrendered in front of him. There should be Unity of ideas and actions in a person’s existence and consciousness (Asad, 1993). We believe we are answerable to God, and their success in the hereafter depends on their performance in this life on earth, this adds a new dimension to the valuation of things and deeds in this life (Siddiqi, 1981). In The Qur’an (03:103) Allah says that “And all of you hold firmly to the rope of Allah (i.e. the Qur’an) and don’t create divisions among yourself”. In another place Allah says in The Qur’an (20:64) “So make firm strategy, then line up (to compete). And whoever overcomes today will, indeed, be the winner”.

The above verses of The Qur’an naturally reflect on the cooperation and mutually adjustment of behaviors in business activities. The strategy formulation is a big deal in the business world in order to compete effectively in the market place and here Allah guides us that through cooperation and combination of skills we easily go through the path of success. These cooperative behaviors and alliances are backed up by the relationship among us as a Muslims that teaches Islam. The relationship identified by Allah in The Qur’an (49:10) “Indeed, believers are brothers (in Islam i.e. they have this spiritual and physical relation). Hence make reconciliation between your brothers, and fear Allah so that (His) Mercy is showered on you”.

Abu-Sulayman (1976) explores the relationship among the Muslim community as a brotherhood or sisterhood and equality.

**b) Justice (Adl):**

Islam is completely explicit in its objective of eradicating from society all traces of inequity, unfairness, misuse and oppression. Allah says in The Qur'an (07:29) "[O Muhammad S.A.W.W] Say: My creator has commanded justice". Again Allah says in The Qur'an (06:115) "The word of your creator is perfect regarding truthfulness and justice. None can change his words. And He is All-Hearer, the All-knower". Justice in the Islamic society has an important factor for life which provides the chance of equality to everyone and provides a smooth way for peace in the world. If it will denied the body of system disturbed and does not go through their operations. Again Allah says The Qur'an (49:09) "Indeed, Allah loves those who are just". The verse indicates the greater attention of Allah toward the justice and the peoples those are acting upon the policy of fair transactions and justice rules are getting Mercy of Allah.

The Islamic ethical system that are backed by The Qur'an and sunnah reveals that justice must be done in every aspect of life motion and for marketing different measure are to be drawn in the Holy Book like weight age, quality, pricing etc. Allah says in The Qur'an (17:35) "And when you measure, give full measure and weight with a balance that is straight. It is a good practice and its end results are good too. (There is not only reward in the Hereafter but it is also promotes good personal relations which in turn promotes trading)". In the Hadith of Sahih Bukhari Narrated by Abdullah ibn e Umer (R.A) that Allah's Apostle said "He who buys foodstuff should not sell it till he is satisfied with the measure with which he has bought it" (Vol. 3, Book 34, No. 336).

**c) Trusteeship (Khalifah):**

Trusteeship refers to any person who holds property or position of trust or responsibility for the benefits for the others. As a Muslims we have a concept that Allah gives us trusteeship on the earth for a limited span of time just to examine either we adopt or not the way of life according to His instructions and Sunnah of Prophet Muhammad (SAWW) then after that we are answerable and accountable for him for our every single moment in a life. Allah says in The Qur'an (02:30) "And (remember) when Allah said to angels: Indeed, I am going to make a viceroy (Khalifa) in the earth".

But it doesn't mean that we are totally commanded the overall property on earth. Again Allah says in The Qur'an (03:129) "And all that is in the heaven and all that is in the earth belong to Allah". Certain rules and regulations of Islam are applied on us and we must follow that rules

in our lives as well as in conducting the marketing activities. We can use the resources on the earth any time anywhere but in a balance manner and in the social and economical welfare of the peoples. Given the right motivation, all economic activity assumes the character of worship (Siddiqi, 1981). Although the wastage of resources and luxurious ways of life have been discouraged in Islam. Islam does not tolerate conspicuous consumption (Chapra, 1992).

## **ETHICAL ISSUES IN CURRENT BUSINESS PRACTICES AND ISLAMIC VIEW**

Much more studies are conducted to draw the relationship between religion and ethical issues in business. The researcher highlights the ethical strike in business and view in the light of certain religion teaching. Rice (1999) highlights the moral and ethical guidelines that must be necessary for the managers to trade internationally specially in Muslim countries. Some of the transactions are contempt in the light of Islam which may harm the Islamic ethical structure and ethical under planning are required to overcome the issues (Weir, 2004). Usury is considered a big sin in Islam and strictly forbidden (Lewison, 1999). Bribery, cheating and fraud, Discrimination is mostly used unethical practices used in the current businesses (Quddus, Bailey III, & White, 2009). Lets us examine one by one in the light of Islam.

### **a) Bribery:**

It is the most widely used unethical business practice in the world especially in the Pakistan. Much more laws are formulated to minimize the spread of bribery in the society and hence hundreds of suits are filed annually in different Pakistani courts. The media also play a significant role in the highlighting of bribery cases in different government sectors. Bribery “is defined by *Black’s Law Dictionary* as the offering, giving, receiving, or soliciting of any item of value to influence the actions of an official or other person in discharge of a public or legal duty” (Quddus, Bailey III, & White, 2009). It will create a variance of interest for those who involves actively in such a practices (Ferrell et al, 2005). The practice is strictly forbidden and discouraged in Islam as Allah says in The Qur’an (04:29) “O you who believe! Don’t use other’s wealth illegally except through trading by mutual consent”. In another place Allah says in The Qur’an (02:188) “And don’t eat up your property among yourselves unjustly and don’t give bribe to the judges so that you may sinfully and knowingly eat up (or usurp) part of the property of others”. These verses of Holy Book clearly warned us to avoid such practices in which other’s rights may be crushed. The Prophet Muhammad S.A.W.W discourse on it and cursed the one who bribes and the one who takes bribe (Abu-Dawud, Book 24, and Hadith 3573). Overall the bribing is viewed as a mean of unethical practices and strictly forbidden by Allah and his Prophet Muhammad S.A.W.W.

**b) Fraud And Cheating:**

These are the activities that are in some ruin the customers trust in the market place. Unfortunately these practices are promoted unfairly by mean of profit maximization. Ferrell *et al.* (2005) defines fraud as “any purposeful communication that deceives, manipulates, or conceals facts in order to create a false impression”.

Allah highlights Fraud in The Qur’an (26:181-183) “Give full measures, and don’t be one of those who less (in weight and measure). And weight with a true and straight balance. Don’t reduce the credit of the people and don’t go around spreading mischief in the land”. These verses of The Qur’an reject the concept of fraud and focus on much more care are to be taken while involve in selling activity. The instrument used for the weighting purpose must be true and balance and Allah warned us to avoid the cheating practice in marketing. As ethics is a broad practice and touch around every field of the business. The issues create simply when traders and businessmen failed to be remain in ethical circumstances. We set an example of Zimbabwe media where major ethical issues are creating due to not following the ethical code of conducts. Most of ethics for the media tend to set the following as a bench mark : (Accuracy, honesty, balance and objectivity, respect of individual privacy, fairness and impartiality, right of reply, protection of sources). The absence of a code of ethics for the media in Zimbabwe might be interpreted as an indication of the disdain for or indifference to ethical practices. It would seem that the introduction of stringent media laws to regulate the activities of the media such as the Broadcasting Services Act (BSA 2001) and the Access to Information and Protection of Privacy Act (AIPPA 2002) have resulted in media associations expending most of their energy in fighting these laws; thus failing to give ethical issues the due attention they deserve (Chari, 2007). Again Allah says in The Qur’an (55:09) “And weight correctly and don’t make a cheating balance”. The Prophet Muhammad S.A.W is credited with saying, “He who cheats is not one of us” (Keller 1994 as quoted in Rice 1999). The Allah Apostle emphasizes mostly on the honest trading and makes practical examples for the people by doing himself trading. Promoting honest trading and reject cheating the prophet Muhammad S.A.W says that “An honest business man will be amongst the prophets, the truthful and the Martyrs (On the Day of Judgement). [Tirmizi: Abu Sayeed (RA) (Siddiqui, 2004).

**c) Discrimination:**

The discrimination on the bases of race, gender, ethnicity, color, family etc does not permissible in Islam and Islam teaches us a lesson of equality and brotherhood. It is a common ethical issue while trading in a different cultures and societies of different countries (Ferrell et al, 2005). However it is strongly rejected by Islam on the bases of race or gender. Rejecting the concept of

discrimination Allah says in The Qur'an (49:13) "O mankind! We have created you from a male and female (in this respect all people are equal). (The difference between the people is that) We made you into nations and (each nation has) tribes for your identification. Indeed, the most honorable from you with Allah is that (believer) who is the most pious among you".

In Islam the persons will be judged on the basis of their actions, not on their race, gender etc and same the reward system that Allah prepare are only on the basis of good performance, not on the race or gender; as Allah says in The Qur'an (33:35); "Indeed, the Muslims (i.e. who do good deed like Salat, pay poor-due etc) men and women (i.e. with correct Faith), the men and women who are obedient to Allah, the men and women who are truthful (in their speech and actions and also in the Faith and intentions), the men and women who are patient, the men and women who are humble, and the men and women who give the poor-due, men and women who Fast, men and women who guard their chastity and men and women who remember Allah much- Allah has prepared for them forgiveness and a great reward(i.e. Paradise). (Hence reward is equal for men and women and it will not be changed due to their gender)".

The same concept also promoted by the Prophet Muhammad S.A.W.W by saying; The prophet Muhammad S.A.W.W says "No Arab has superiority over any non-Arab and no non-Arab has any superiority over an Arab; no dark person has behavior in hiring, buying and selling. Superiority over a white person and no white person has any superiority over a dark person. The criterion of honor in the sight of God is righteousness and honest living" (Rice, 1999). The reduction of discrimination in the business world reduces the employee's turnover rate, reduce hiring cost, improve productivity and develop overall goodwill (Ferrell et al, 2005).

## **CONCLUSIVE REMARKS**

Winding up the discussion, it comes to be noted that Islam is the only religion which not only encourage the business activities but also polish the ethical portion of marketing so that make it more profitable and reliable for the social well being of people. These principles made a strong and valid ethical framework that provides a profitable way of success in business activities. It persuades the fair business policy that care after the social and economical benefits of peoples. The Holy Book the Qur'an provides the ethical guidelines for the marketers and also draws a limitation boundary for their well beings. The prophet Muhammad S.A.W.W also promote the ethical trading by practicing fair business and set practical examples for all human beings. In Hadith of Sahih Bukhari Narrated by Jabir bin 'Abdullah that Allah's Apostle said, "May Allah's mercy be on him who is lenient in his buying, selling, and in demanding back his money" (Vol.3, Book 34, No. 290). This Hadith reflect the personal and social values of people in business



transactions and highlight the ethical standards that may cause the marketers close to the Allah and his prophet Muhammad S.A.W.W.

Although the paper does not produce the comprehensive portion of the concept because Ethics is very broad in its own term. The concept cover every field of the corporate world and the Islamic ethical framework provide step by step guidelines to do the right business in every prospective. Although it covers the necessary and most common points of the term that may arises mostly in the business world and destroy the business image by some misconception. Those misconceptions I try to remove from the two main sources of guidelines as a Muslims, the Qur'an (Holy Book that Allah sent on his last Prophet Muhammad S.A.W.W) and Sunnah (the recorded saying and actions of Allah Apostle). Islam which is the combination of these two sources highlight the ethical issues concerning the business and display a true and valid framework of guidelines to overcome the issues. The practical life of Allah Apostle further support the ethical framework which set a lot of examples by doing the trading activities himself. In support of The Qur'an, the prophet Muhammad S.A.W.W also rejects the concept of bribery, injustice and discrimination on the base of race, gender and ethnicity etc. He removes the misconception of loss if they play fairly in the market. He set an ideal example of fair and polite business dealing who report high profit although in the presence of much more competitors. The cheating is an activity which damages the trustable building of market place from customer's point of view. Same as the discriminating policy increase the organization turnover rate and their overall performance may dump and expenses increased.

This research study focused IWE and its practices in business and some its aspects. This article is just narration and having just theoretical write up on IWE. It can be enhanced and empirically can be tested in further studies. Further study can be conducted in specific sector and having relationship with some variables.

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