

On Understanding the Islamic Philosophy of Business Ethics

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Abstract

Islam provides us the full fledged ethics of business if once implemented transparently; it can bring the revolution in the field of business and economy. Ethics is considered the moral standards by which people judge behaviour. Islam places the highest emphasis on ethical values in all aspects of human life. In Islam, ethics governs all aspects of life. Ethical norms and moral codes discernible from the Qur'anic verses and Hadith are numerous, far reaching and comprehensive. In an Islamic system, ethics and business are not only compatible but they are also inseparable. Islam stresses the link between business and religion. It projects a perfect way of life. A human manner and behavior in small and medium enterprises cannot be effectively clarified without references to the Islamic business ethics which can manage it. Thus, this research paper will explore the concepts like Islamic ethics, business, business ethics on one hand and Islamic business ethics on the other hand. This very research paper also focuses on the Islamic philosophy of business ethics keeping in view the descriptive as well as analytical methodology.

Key-words: *Islam, Ethics; Business Ethics; Justice; Trust; Zakat*

Introduction

Business ethics in Islam is a very enormous and immense term. The ethics exist greater in quantity and powerful. A lot can be demonstrated on this term from the Holy book, Quran and Sunnah of our beloved Prophet Muhammad ^(SAW) which provides us the open invitation to make our vision clear about business ethics in Islam. Islam provides us the full fledged ethics of business if once implemented transparently; it can bring the revolution in the field of business world. The significance and importance of Islamic business ethics can be well comprehended by comparing it with the foundation of a building. It plays the same vital role just like the foundation & pillars play in constructing & designing a building skeleton. As no one can imagine a building without foundation and pillars and in the same way no business can be profits oriented in this life and 'Akhira' (hereafter) oriented without Islamic business ethics along with a touch of honesty and integrity. In this research paper an attempt has been made to focus on Islamic ethics, business, business ethics on one hand and Islamic business ethics on the other hand. This research paper also focuses on the dynamic philosophy of Islamic teachings particularly with regard to trade, commerce and business keeping in view the descriptive as well as analytical methodology.

Islamic Ethics

Ethics is a set of moral principles which enable a person to distinguish between things which one is good and which one is bad. The term ethics is often use as morality, morality in actions is very important constituent no behaviour can be positive without good and resonance base of ethics. Ethics also sustain behaviour and it leads good attitude (Dr Sabahuddin Azmi).

Basically the word ethics if we see it in Islamic perspective means to see what is good and bad socially as well as morally because ethics is something which play important role for making and developing an sound and pious society (Sayyid Abul A'la Mawdudi, 1994). To be ethical, it is required to have clear good judgment and responsibilities. The ethics can be covered from education, a person can get and train ethically by learning, but there is no need of some special education for ethics a person can learn from his surrounding and environment. To solve difficult situation and face different problem requires ethical understanding, a good human interaction needs a good and sound base of ethics, if a business want to be called an ethical accepted business, so it requires to take such action which are ethically accepted. Most people think that business has nothing to do with ethics but if business ignored the ethical standard will loose its image and not be able to survive (Muhammad Tufail, 2009).

Business

Business can be defined any activity which is done for the purpose of earning profit but legitimate activity is called business. Illegal or unlawful activities not reckon in the limit of the business.

In literary sense, the term business means the state of being busy; it includes all those activity which are related with production, distribution and selling of goods and services with the core object of earning profit. According L. H. Haney, "it is a human activity directed towards providing or acquiring wealth through buying and selling".

According to Urwick and Hunt they describes "business as an enterprise which makes, distributes or provides any article or services which the other members of the community need and are able and willing to pay for it". According to R.N. Owen "it includes all the commercial and industrial activities which provide goods and services to people with the objective to earn profit" (Saeed Nasir, 1995).

Business Ethics

Business ethics is an important component for the formulation of particular ethical standards with regard to trade, commerce and business. So business ethics is a device which is used in the exchange of transactions to accomplish the obligations. We have seen in the definition of the business and have already defined ethics what does it mean, now it is clear that business includes all production and distribution activities relating goods and services, now we have to follow all that business morality which comes under business ethics and which Qur'an and sayings of the Prophet ^(SAW) tell us that how we should do our dealings and what norm we should keep in mind before dealings. But unfortunately we fail completely to follow the sayings of the Prophet ^(SAW), because we focus on debates of business ethics and business morality but when time comes then we ignore the verses of the Qur'an and the action of the Prophet ^(SAW). Being a Muslim we must see and study the Qur'an and sunnah, as we know being a Muslim that the western secular ethical values are relatively useful in this world but it is respite, and the Islamic code of ethics are much constructive not only in this world but also in the hereafter.

Islamic Business Ethics

Islam gives much emphasis on the ethical character of human beings, if we study the holy Qur'an and Sunnah; we shall find discernible verses and the sayings of the Prophet ^(SAW) on ethical norms and moral codes. Islam emphasized to follow these ethical norms not only in personal and family life but also to follow in business dealings and transactions.

Islam is a complete way of life. It provides guidance for all activities either these are individual, social, material and moral, legal and cultural, economic and political and national or international.

Islam invites the man to enter the fold of Islam without any vacillation and to follow Allah's guidance in all fields of life (Khurshid Ahmad, 1999).

The Qur'anic verses and the teachings of the Prophet ^(SAW) tell us about the wide range of ethical norms to be followed. i.e. in our social contract, contract with family, in equality of the genders, contract with individuals, dealings regarding neighbors, friends, relatives, in business transactions, public and private life, chastity of women, security of the life and property, justice, protection of honor, ethics with non-combatants, combatants, sanctity of the property, dead body, and rules regarding the declaration of war (Abul A'la Mawdudi, 1999). In the noble Qur'an Allah says:

“You have indeed in the messenger of Allah an excellent exemplar”. (Al-Quran, Surah Al-Ahzab, 33:21).

“The Prophet ^(SAW) said “the best among you is one whose character is best” (Bukhari). The Prophet ^(SAW) said “A person devoid of kindness is devoid of any good” (Sahih Muslim). The Prophet ^(SAW) said, A time will come upon people when they will not differentiate what they earned is legitimate or unlawful” (Bukhari, 1941.) At another place the tradition of Prophet ^(SAW) states, “To say a good word is just a charity” (agreed). And said “Every good deed is charity” (Bukhari). The Prophet ^(SAW) said, “He who deceives is not of us”. At other place the Prophet ^(SAW) said, “The honest merchant will be rewarded on the day of judgment with prophets, pious people and martyrs” (Tirmidhi, 1130.)

Islamic Philosophy of Business Ethics

Here, I shall briefly discuss those philosophies which Islam authorizes in business dealings and which come under the scope of Islamic business ethics.

- a) Justice
- b) Trust
- c) Legitimate resources on acquiring property.
- d) Order to expenditure
- e) Zakat
- f) Lawful earning
- g) Avoiding Usury

a) Justice

Traders must establish al-Adl, or Justice. This means that the traders must be temperate in all things without the benefit side, equal treatment or fair to all customers, taking into consideration fair and unbiased and give the right to the right (Nor, 2012). In other words, justice means putting things in the right place. Allah says in the Qur'an:

“Verily, Allah commands you to do justice and kindness”. (Al-Quran, Surah al-Nahl, 16:90)

This verse clearly shows that how Allah is emphasizing the question of justice in business. This is because justice in the business of the purchase will ensure justice to all men.

b) Trust

A trader cannot cheat, betray customers, selling price too high and delaying payments to suppliers. Traders must trust in every transaction made. The emphasis that trusts mentioned in the Qur'anic verse in which Allah says:

“O you who believe! Do not betray (trust) in Allah and His Messenger, and (do) not betray your trusts while you now (them)”. (Al-Quran, Surah al-Anfal 8:27)

Therefore, all actions and decisions made in a business that is based on the nature of trust is necessary to ensure that the business is fair to everyone whether they are a buyer or a seller to get right. Fraud and oppression would be avoided if all parties are trustworthy and true. By the nature of this trust, the traders will gain appropriate and the buyer will get the goods or services corresponding to the price paid.

c) Legitimate Resources on Acquiring Property

The main thing which Islam allows to its followers is rightful source of wealth and property, if someone earning so they must discriminate between lawful and unlawful source of income. This discrimination is based on such criteria that if one person is earning and the other person suffering loss, so Islam does not permit such kind of earning and transaction. Islam only allows those transactions in which both the parties have the benefit and their free consent. (Mawdudi, 1974) Allah Almighty says in the Quran:

“O you believe, Eat not up your property among yourselves unjustly except it be a trade amongst you, by mutual consent, and do not kill yourselves, Surely, Allah is Most Merciful to you”. (Al-Quran, Surah An-Nisa, 4:29)

d) Order to Expenditure

The basic teaching of Islam tells us about spending and not collection of money, but here the purpose of spending is not that a man must spent on his or her luxury and spam works but the main point is when a person saved more than from his needs so then it is obligatory to spent that excess amount of money in the way of Allah (sake of). So Islamic concept here is totally different than other secular concepts, here Islam says if one spend for the sake of Allah, his wealth increases, and there will be blessing in his property and wealth and Allah will give him recompense. We can find a several verses in the Holy Quran in which Allah ordained to spend for His sake and He will requite for. Allah says in the Quran:

“And they ask you about what they ought to spend. Say: “that which is beyond your needs.” (Al-Quran, Surah Al-Baqarah, 2:219.)

“Satan threatens you with poverty and orders you to commit Fahsha (evil deeds); whereas Allah promises you forgiveness from Himself and Bounty, and Allah is All Sufficient for His creatures needs, All Knower.” (Al-Quran, Surah Al-Baqarah, 2:268.)

“And whatever you spend in good, it will be repaid to you in full, and you shall not be wronged.” (Al-Quran, Surah Al-Baqarah, 2:272.)

e) Zakat

Islam forbids earning only for self and not caring the poor people in the society. Islam prevents the concentration of wealth in few hands but ensures the distribution among the poor people in a prescribed rate. Zakat will be collected from all those who are involved or engaged in any productive business activity or having excess money or holding assets for a period of not less than one year. Islam ensures the best of social security and brings Cooperation with the rest of the community members (Habibur Rehman, 2003).

Because Zakat purifies the wealth and bring prosperity in a state and efface the concept of socialism and capitalism in which wealth comes under the control of one hand. In various places in the noble Quran Allah Almighty says:

“Take Saddaqa from their wealth in order to purify them”. (Al-Quran, Surah At-Tawbah, 9:103)

And at other place Allah says “As – Sadaqat are only for poor Al-Masakin, and those employed to collect it and to attract the hearts of those who have been inclined, and to free the captives, and for those in debt, and for Allah’s cause. (Al-Quran, Surah At-Tawbah, 9:60). In Surah Baqarah Almighty Allah orders “Establish worship and pay the poor due (give Zakat), (verse no 43.) “Perform As-Salat and give Zakat (poor due) and that is the right religion.” (Al-Quran, Surah Al-Bayinah, 98:5)

f) Lawful Earnings

Islam gives much emphasis on legitimate and *Halal* earning. There is no compliance in Islam for those business men who conduct their business dealings through unlawful means and earns profit. Islam permits only for legitimate business as Quran tells us:

“O you who believe: Eat not up your property among yourselves unjustly except it may be trade among you by mutual consent”. (Al-Quran, Surah An-Nisa, 4:29)

In Surah Al-Baqarah Allah says:

“These are they who have purchased error for guidance, so their commerce was profitless. And they were not guided”. (Surah no.2, Verse no.16)

Islam forbids tyrannical dealings such as *Riba* (interest) and condemns it. Allah says in the Quran says:

“Allah has permitted trading and forbidden Riba”. (Al-Quran, Surah Al-Baqarah 2:275)

The Prophet (SAW) said “may Allah send down His curse on all the persons who use, pay, witness and write down the *Riba*”. (Musnand Ahmad, 624)

g) Avoiding Usury

Practice of usury is forbidden in Islam is because this practice causes oppression and inequality on society and the national economy itself. This will cause the rich will get richer and the poor will be poorer. The prohibition against the practice of usury is mentioned in the Qur'an as follows:

“Those who eat (take) usury will not stand except as stands one whom the Evil one by swaying because of (his) touch it. That is because they say: "Verily trade is like usury". But Allah has permitted trade (merchandise) and prohibits usury. So whosoever receives an admonition that (ban) from his Lord, then it stops (the usury), then what is past (before the ban) is a right, and to judge God. And those who repeat (the act of taking the laptop), they shall be companions of the Fire, they will abide therein” (Surah al-Baqarah 2: 275).

Conclusion

From the above discussion, it can be concluded that Islamic business ethics can play an eminent role in the modern business world if the following outstanding principles of Islamic business ethics are to be remembered and adopted in order to achieve the ultimate prosperity and glory in the business dealings:

- Both seller and buyer must accept the supremacy of Almighty Allah, they should accept His sovereignty, love Him and follow whatever He orders and abstains from, in all dealings if it is related to business dealings or any other moral conduct in social life.

- Business dealing should be pure, the trader must be cleared with other party, especially the seller in dealings must out all the things clear, he should be honest and when promised then must fulfill. Dealings should be faired not fake.
- Softness must be kept in mind by traders or sellers while dealings, because gentleness is the basic thing for all dealings.
- Do not make the basis of dealings on bribery or corruption, interest, fraud, lie, etc.
- The seller and buyer should also put aside their dealings from all illegitimate sources such as, gambling, black marketing, speculation, stock reserve or hoarding of food, fixation of pricing and all illicit items from which Islam has prohibited.

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