AN INSIGHT INTO ISLAMIC BUSINESS ETHICS

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ABSTRACT
Ethics is a set of moral principles by which human actions are determined to be good or bad, ethical or moral, unethical or immoral. In essence, ethics gives prescriptive advice, urging humans to act morally in all given situations. Business ethics can be defined as applied ethics which is primarily designed to examine ethical principles as well as moral or ethical problems that arise within a business setting (Velasquez:1). It is equally applicable to all aspects of business conduct and is relevant to the conduct of individuals and the modus operandi of all financial institutions. Global governments enact laws and regulations for the purpose of steering business ventures towards what they envisage to be beneficial for their respective countries. Business ethics, on the other hand, aims at regulating areas and details of behaviour that are beyond the realm of governmental control. Islamic business ethics is based upon the broad teachings of the Glorious Qur’an and the precepts laid down by Prophet Muhammad (may the peace and blessings of Allah be upon him). This article primarily focuses on the Islamic business principles, employer/employee relationship and business dealings in light of Islamic teachings.

Key words: Taqwa (Allah-consciousness), divine chastisement, moral principles, business ethics, business transactions.

INTRODUCTION
Most people engage in business with the aim of earning money. Their involvement in business may either be in manufacturing, wholesale, retail or providing a service. The benefit of business activity is manifold. It is a means of generating money for business owners, creating employment for the unemployed and meeting the needs and satisfaction of the customers/consumers. Muslims are expected to be conscious of the presence of Allah (the Exalted One) at all times, even when interacting with their employees and customers/business partners. Hence, ethics should permeate the very fabric of the corporate world. Nik Mustapha Hj. Nik Hassan (2012:25), the Director-General of the Institute of Islamic Understanding, Kuala Lumpur, Malaysia, elucidates the harm that may ensue due to lapse of ethical/moral behaviour as follows:

Devoid of moral practices, man can be very materialistic and individualistic. When acquisitive instincts become dominant in a man, his whole energy will be directed to one end, that is, the attainment of material comforts. His mind is preoccupied with economic power. Day in and day out he is busy accumulating riches. To him morality is only an empty word having no use in practical life.
It is important to note that within the Islamic world view, faltering in upholding ethical behaviour renders one liable for divine chastisement in the life Hereafter. This is evident from the following verse of the Glorious Qur'an:

“When we decide to destroy a population, we (first) send a definite order to those among them who are given the good things of this life and yet transgress; so that the word is proved true against them: then (it is) we destroy them utterly.” (Al-Isra’, 17:16)

ENGAGEMENT IN BUSINESS ACTIVITY

The primary objective for engaging in any given business activity is for one to earn a livelihood so that one may be in a position to meet one’s personal as well as family obligations. The Glorious Qur'an sanctions engagement in all forms of business enterprise as long as there is no exploitation of others and in this regard it states:

“Allah has made business lawful and prohibited usury” (Al-Baqarah, 2:275).

Prophet Muhammad (may the peace and blessings of Allah be upon him) equally endorsed earning a living and in this regard said: “No one has ever eaten any food that is better than eating what his hands have earned” (Sahih al-Bukhari, Kitab al Buyu’).

PROHIBITIONS IN BUSINESS TRANSACTIONS

Dr Shahabuddin Azmi (http://www.renaissance.com.pk/Mayviewpoint2y5.htm) makes a very pertinent observation when contrasting between Western secular values and Islamic ethical and moral codes:

The Western secular ethical values are by and large supposed to be utilitarian, relative, situational and devoid of any spiritual sanctioning power. The Islamic ethical codes, on the contrary, are humane rather than utilitarian or relative. They are good for all times and absolute. Ethical and moral codes in Islam are part of the overall Islamic faith and observing them will not only lead to a happy state of affairs in this world but also holds the promise of manifold returns in the Hereafter. Islamic ethical and moral codes thus create a sense of responsibility and accountability in the minds of the believers, be they buyers or sellers.

Insofar as prohibitions in business transactions are concerned, it must be emphasized here that whatever the Glorious Qur’an has prohibited Muslims from consuming is ipso facto deemed unlawful for them to trade in. For example, Muslims are not allowed to buy and sell pork, intoxicating drinks, drugs, etc. Moreover, whatever they have been censured from indulging in, proceeds from such ventures are equally deemed unlawful for them. For example, they are not allowed to gamble and hence, they cannot own gambling casinos nor can they buy and sell lotto tickets. Likewise, severe punishment have been prescribed for stealing and thus dealing in stolen goods and even short changing customers in weights and measures are condemned. Prophet Muhammad (may the peace and blessings of Allah be upon him) cautions Muslims saying: “The body fed with unlawful earnings will not enter Paradise” (Mishkat al-Masabih, Eng. Trans., Business Transactions).

Furthermore, Muslims cannot hoard goods even if there is an anticipated increase in their prices. Prophet Muhammad (may peace and blessings of Allah be upon him), condemning
hoarding of goods, categorically stated: “No one hoards but traitors, i.e. sinners” (Sunan Abi Dawud, al-Tijarat).

ETHICAL GUIDELINES FOR MUSLIM BUSINESSMEN

Muslim businessmen are expected to uphold the Prophetic example while engaging in business transactions. After all, the Glorious Qur’an states: “You have in the Messenger of Allah a beautiful pattern of conduct” (Al-Ahzab, 33:21). In the annals of history, Prophet Muhammad (may peace and blessings of Allah be upon him) was noted to be a businessman of integrity and he was given the title of Al-Amin (the trustworthy) by both his friends and foes alike. Some of the traits that should be exemplified by all Muslim businessmen are:

(a) To be truthful

The Glorious Qur’an affirms: “Truly Allah guides not one who transgresses and lies” (Al-Mu’min, 40:28) and Prophet Muhammad (may the peace and blessing of Allah be upon him) warned: “Whoever sells goods and does not clarify the defect in them will acquire the wrath of Allah and the Angels will curse him forever” (Mishkat al-Masabih, Eng. Trans., Business Transactions)

(b) To be honest

The Glorious Qur’an states: “The curse of Allah is on those who lie” (Al `Imran, 3:61) and Prophet Muhammad (may the peace and blessing of Allah be upon him) warned: “Whoever sells goods and does not clarify the defect in them will acquire the wrath of Allah and the Angels will curse him forever” (Mishkat al-Masabih, Eng. Trans., Business Transactions)

(c) To be benevolent

Prophet Muhammad (may the peace and blessing of Allah be upon him) said: “One who strives to help the widows and the poor is like the one who fights in the way of Allah.” (Sahih al-Bukhari, Kitab al-Adab). In other words then, it is paramount for businessmen to engage in charity so as to alleviate the plight of the poor.

(d) To be considerate

Prophet Muhammad (may the peace and blessing of Allah be upon him) said: “He who makes it easy for an indebted person, Allah will make it easy for him in the dunya (world) and the akhirah (Hereafter).” (Sahih Muslim, Kitab al-Birr)

LABOR-MANAGEMENT RELATIONS

Insofar as labor-management relationship in the context of the relationship between management and employees is concerned, the following ethical guidelines are to be upheld at all times:

(a) Fairness in the recruitment of prospective employees

In the workplace, the criteria of recruitment of employees are varied. They may be employed because of family or personal ties, their attractiveness, their experience and credentials, or simply on the basis of their having similar background and outlook to their recruiters. Islamic teachings, on the other hand, prioritize justice and fair play in the interviewing process for the recruitment of prospective employees. For example,
Allah (Subhanahu wa Ta’ala) affirms in the Glorious Qur’an: ‘We sent aforetime our messengers with clear Signs and sent down with them the Book and the Balance, that men may stand forth in Justice.’ (Al-Hadid, 57:25). In a Hadith Qudsi (Sacred Hadith) mention is made that Allah (Subhanahu wa Ta’ala) said: “O My servant, I have forbidden injustice for Myself and forbade it also for you. So avoid being unjust to one another.” (Sahih Muslim, Kitab al-Birr)

(b) Non-discrimination

All employees need to be treated in an equitable manner without being discriminated on the basis of their race and creed. Prophet Muhammad (may the peace and blessing of Allah be upon him) in his farewell sermon said: “All mankind is descended from Adam and Eve, an Arab is not better than a non-Arab and a non-Arab is not better than an Arab; a white person is not better than a black person, nor is a black person better than a white person except by piety and good actions.” (Nu’mani, 1967:444-445)

(c) Fair wage

The right of the employees to receive a fair wage is paramount and hence they ought not to be exploited to work overtime without due compensation. Prophet Muhammad (may the peace and blessings of Allah be upon him) said: “Give the employee his wages as soon as he finishes his job.” (Sunan Ibn Majah, Hadith no. 2443).

EMPLOYEE/EMPLOYER REALTIONSHP

Employees enter into some form of contractual duties with their employers and are also expected also to fulfil certain ethical precepts vis-à-vis their employers which may be summarized as follows:

(a) Loyalty

Loyalty on the part of the employees to their employers entails that the employees should be faithful to their employers. In other words, they should be willing to have develop some sort of bonding to their workplaces, and act responsibly in the discharge of their duties. Prophet Muhammad (may the peace and blessings of Allah be upon him) emphasized that wafa’ (loyalty) should be linked to professionalism. Hence, he (may the peace and blessings of Allah be upon him) said: “Verily, Allah loves that when anyone of you does a job he should perfect it.” (Al-Bayhaqi)

(b) Work ethic

Employees need to be punctual at work and work diligently for the specified hours in terms of their contractual agreement. If they were to falter in this regard then the salaries that they receive at the end of the month would, in terms of Islamic ethics, be tainted. In other words then, if they were to buy groceries from these wages it would be tantamount to consuming haram (that which is unlawful for Muslims to consume) and the Glorious Qur’an warns Muslims thus: “O you who believe! Do not consume one another’s wealth unjustly” (Al-Nisa’, 4:29).
(c) Safeguarding the trust

Employees are in essence trustees of their employers. They are expected to safeguard the goods/assets of their employers. Hence, they ought not to abuse nor misappropriate whatever belongs to their employers (Gani & Ballim, 2008:91). Although their employers may not become aware of any misappropriation, employees must be conscious of the fact that nothing can be hidden from Allah (the Exalted One). In the context of safeguarding what one has been entrusted with, it is pertinent to reflect upon the following incident: One day, the fourth Pious Caliph, Ali ibn Abi Talib (may Allah be pleased with him), was working in the Bayt al-Mal (Public Treasury), recording the State revenues and expenses and had by his side a candle that was burning. When someone came to see him, he enquired from him if he had come to see him on an official business or for a personal matter. Upon learning that it was for a private matter, `Ali (may Allah be pleased with him) put out the candle that was bought from Treasury funds lit another candle which he had bought from his personal fund.

CONCLUSION

Islam supports business enterprise and competition, but remains firm on non-dealings in all such transactions that are deemed haram (unlawful). Businessmen are expected to display high moral caliber at all times and especially when engaged in business transactions with their clients/customers. They should equally be kind and considerate to their employees, ensuring that they are given fair wages. The employees too are expected to be diligent, to be loyal to their employers and to safeguard the trust that has been entrusted to them by their employers. Above all, both employers and employees are expected to be conscious of the presence of Allah ((the Exalted One) and never to lose sight of the fact that were they to falter in their duties and obligations they would not be spared of Divine chastisement in the Hereafter.

BIBLIOGRAPHY


