

Islam and Ethics in Business

FAZALATH HUSSAIN. R

Teaching Assistant (Lecturer)

*Department of Commerce and Management Studies,
Karnatak University's, Karnatak Arts College, Dharwad,
karnataka. India.*

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Islam provides complete code of conduct in business and trade for societal, regional, national and international level. Islam encourages and promotes business reasoned it contributes directly helps to facilitate worldly comforts and improving the living standards of mankind. Business plays a vital role in development of social and economic life of people; involvement in a business is a good practice for the Muslims and entire mankind. Especially for Muslims it is a good practice (Sunnah) because the Holy Prophet Muhammed (Peace Be Upon Him) himself involved in trade and business for extensive period of time even travelled for other countries during the course of business and earned good profit, the discipline, behaviour, morality, way of communication, honouring respect to others, care of entire businessmen, behaviour with the slaves, method of dealings, the journey or travel of Prophet Muhammed (Peace Be Upon Him) has become the best practices of business ethics. The business is a good source for the livelihood.

In Hadith, Prophet Muhammed (Peace Be Upon Him), says
“Out of ten, the nine sources of livelihood are in business”.

Webster Collegiate Dictionary defines the term ethics in business is the application of the discipline, principles, and theories of ethics to the context of business organization. Business ethics have been defined as “principles and standards that guide behaviour in the of business world”. According to Managing values or Business Ethics Approach- ethics is about choice. An ethical approach to a problem will inquire about ends and means i.e. goals and how we achieve these goals, and the association between the two. Business ethics also known as corporate ethics, it is a form of professional ethics or applied ethics that examines ethical principles and moral or ethical problems that arise during the transaction in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individual and entire organizations⁽¹⁾. Therefore, business ethics is the behaviour that a business adheres to in its daily dealing with the world. They apply not only to how the business interacts with the world at large, but also to their one to one dealing with a single customer.⁽²⁾

Islam places the utmost emphasis on ethical values in all aspects of human life. In Islam, ethics governs all aspects of life. Ethical norms and moral codes discernable from the verses of the Holy Quran and the teachings of the Prophet Muhammed (Peace Be Upon Him) are numerous, far reaching and comprehensive. Islamic teachings strongly stress the observance of ethical and moral code in human behaviour. More principles and code of ethics are repeatedly stressed throughout the Holy Quran Besides there are numerous teachings of Prophet Muhammed (Peace Be Upon Him) which cover the areas of moral and ethical values and principles.

The Prophet Muhammed (Peace Be Upon Him) says:

“I have been sent for the purpose of perfecting good morals”⁽³⁾

In front of people he presented how to be a successful trader. He had a remarkable status in business dealing. Many people in the city Makkah even the enemies were used to praise his honesty, sincerity, truthfulness, hard work etc.

The Prophet Muhammed (Peace Be Upon Him) always emphasized on fair dealings in business activities along with the customers. The Prophet said:

“God shows mercy to a person who is kindly when he sells, when he buys and when he makes a claim”⁽⁴⁾

Islam greatly encourages the honest traders and on the Day of Judgment offers a high rank to the truthful, honest businessmen. A businessman will be honoured along with the martyrs but subject to conditions that he should adopt sincerity, honesty, truthfulness etc in dealings.

Our beloved Prophet (Peace Be Upon Him) says:

“The truthful and honest merchant is associated with the prophets, the upright and martyrs”⁽⁵⁾

Allah Says in the Holy Quran:

“Those who devour interest shall not stand on the Day of Judgement, but like the standing of one whom the evil spirit has by touching made mad. This is because they said, ‘The trade too is like interest,’ and Allah made trade lawful and made interest unlawful, so he who received admonition from his Lord and refrained, then whatever he took before is lawful to him, and his affair is with Allah. And now whoever shall commit such fault, then he is a man of hell, they will live therein for longer period.”⁽⁶⁾

Allah specifies the basic Islamic ethics in trade and business. It is very clear and understandable that who obeys the Allah’s commands, standards and rules and abstains from interest (Riba) in affairs heaven is ready and prepared for him but the one who do not follow such persons will be punished.

So who obey Allah’s commandments and stops eating Riba (Usury) and involvement in the varied forms or activities of interest shall not be punished. But whoever returns to Riba (Usury) will be the dwellers of the fire.

Islamic Approach on business ethics:

Allah declares in the Holy Quran trade is ‘Halal’ and interest is ‘Haram’ means trade is lawful (legal) and interest is unlawful (illegal). Allah permits trade and forbids interest. Is a uniqueness of Islam that gives special significance and stress on lawful and unlawful codes of business affairs from micro transaction to global dealings. Many verses of the Quran speaks about code of conduct and lawful business strategies & practices and also strictly prohibits Haram (unlawful) and do not permit to take of property wrongfully and dishonestly.

Allah Says in the Holy Quran:

“And do not eat up unjustly the property of each other among yourselves and nor convey their cases to the authorities for devouring unlawfully some portion of the property of the people knowingly.”⁽⁷⁾

“And eat up not one another’s property unjustly (in any illegal way e.g. Stealing, robbing, deceiving etc, nor give bribery to the rulers (judges before presenting your cases) that you may knowingly eat up a part of the property of others sinfully”

In these verses of Holy Quran, Allah not only emphasis and shows the legitimate and illegitimate dealings or trade practices but also emphasis not to keep any kind of doubt in trade.

Allah says in Holy Quran:

“O believers! Consume not unjustly the property of one another among yourselves except it be a trade by your mutual consent. And kill not yourselves (nor kill one another). Undoubtedly, Allah is Merciful to you”⁽⁸⁾

The Holy Prophet Muhammed (Peace Be Upon Him) Says:

“Leave what makes you doubts for things and do not make you doubt”⁽⁹⁾

Dozens together examples or guidelines are in Quran and Hadith which very clearly elucidate the importance of business ethics related to any type of business in Islam.

Abdullah bin Umar said “a person came to Prophet Muhammed (Peace Be Upon Him) and told him that he was always betrayed in purchasing. Prophet Muhammed (Peace Be Upon Him) told him to say at the time of buying ‘no cheating’.

This event highlights on the eminent and lofty position of honesty in business. This ethical behaviour is very essential in a business person, which also brings out the beauty of Islamic business law, tells us the significant of ethics in business and also presents Prophet Muhammed (Peace Be Upon Him) as a role model. If the group of traders or business persons who follow Quran and the Sunnah of our beloved Prophet Muhammed (Peace Be Upon Him) surely can emerge as the driving force of the whole world.

In another place **our Prophet Muhammed** (Peace Be Upon Him) said:

“The buyers and the sellers have the option to cancel or to confirm the deal as long as they have not parted or till they part and if they spoke the truth and told each other the defects of the things, then blessings would be in their deal and if they hid something and told lies, the blessings of the deal would be lost”⁽¹⁰⁾.

Allah relates Sadqat (cash or kind given to the poor) and contribution as a charity with trade and on the other hand prohibits interest. If we think on these orders, it explores the ideal Islamic ethics in the business which leads towards the success in this world and here after.

If believers carried out their trade and business accordance with Islamic ethics and jurisprudence, Allah offers them exalted rewards, a business with ethical behaviour is also considered worship in Islam and secondly a good, truthful, honest businessmen raised along with ‘Saleheen’ (those who do good deeds) and ‘Shuhadah’ (Martyr) on the day of judgement. Our beloved Prophet Muhammed (Peace Be Upon Him) was a great businessman, people of Makkah (Arab) called him as ‘Sadiq’ (Truthful) and ‘Ameen’ (Trustworthy). Even amongst his enemies my Prophet Muhammed (Peace Be Upon Him) was famous as honest and truthful man. Islam covers and encourages every legal trade and business in all aspects.

Similarly in many places ‘Trade’ is considered in ‘Ibadat’ if done according to the standards of Islam and its ethics. Allah the Almighty strictly prohibits (Riba) interest and considers it ‘Gunah-e-Kabeera’.

Allocation of Inheritance

Islam has very unique, simple and understandable rules or standards for the distribution of inheritance. According to Islamic law, no one can favour one over the other in distribution of the inherited property. Islam accurately distributes inheritance amongst several groups of relatives as: parents, brothers/sisters, husband/wife and children. The law of inheritance in Islam, not only take care of kinship relationship, but of those who are outside the list of inheritors as well. A person is allowed to make Wasiat (will) up to portion 1/3 of his property to those who are outside the inheritors’ list and have no blood relations with him. This social behaviour of Islamic economic system distinguishes it from all other systems of the world.

Protection of Lawful Property

Islam has its own set of rules for the protection of lawful property. Making of property is not unlawful but making of property with unlawful act is a crime and Islam condemns it very strongly. The Islamic jurisprudence has very clear rules of punishment according to the nature of unlawful acts. In case the property of someone’s is taken over for cause of society or social reasons, he/she will be compensated according to Islamic law based on justice. As in the Holy Quran: O believers, “And eat up not one another’s property unjustly”.

Zakat and Charity in System

Each and every society is composed of a number of sections of people. All these segments are not equal in wealth and talent etc. This is one of the distinct features of Islam that these people are living with one another without hurting each others’ interest. The rich segment of society helps the poor group through Sadaqa (charity) and other sources. The state takes zakat (compulsory charity) from the rich part and spends it for the well-being of the poor group of the society. The wealthy segment of the society is prohibited to exploit the poor segments by practicing depraved means of exploitation, accumulation and hoarding of wealth, taking interest on loan. Islamic jurisprudence continuously guides all the segment of the society about reward and punishment of every act committed, in life here and the hereafter.

Reference

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