

skinned Africans. But we were all participating in the same ritual, displaying a spirit of unity and brotherhood that my experience in America had led me to believe never could exist between the white and the non-white.

America needs to understand Islam, because this is the one religion that erases from its society the race problem. [...] I have never before seen sincere and true brotherhood practiced by all colors together, irrespective of their color.

You may be shocked by these words coming from me. But on this pilgrimage, what I have seen, and experienced, has forced me to re-arrange much of thought-patterns previously held, and to toss aside some of my previous conclusions.¹⁸

Situational Factors. People may behave unethically in certain situations because they may see no way out. For example, a manager may record fictitious sales in order to cover losses within his area of responsibility. According to Islam, debt is a major reason why individuals behave unethically. In a hadith narrated by 'Ā'ishah (raw),

Somebody said to [the Prophet], "Why do you so frequently seek refuge with Allah from being in debt?" The Prophet (peace be upon him) replied, "A person in debt tells lies whenever he speaks, and breaks promises whenever he makes (them)."¹⁹

Since indebtedness is likely to lead to unethical conduct, Muslim lenders are encouraged to show leniency to debtors. At the same time, debtors are urged to repay debts promptly.

The Islamic Ethical System

The Islamic ethical system differs from secular ethical systems and from the moral code advocated by other religions. Throughout civilization, these secular models²⁰ assumed moral codes that were transient and myopic since

¹⁸ Haley, Alex. 1965. *The Autobiography of Malcolm X*. New York: Ballantine Books, p. 340.

¹⁹ 'Ā'ishah, *Ṣaḥīḥ al-Bukhārī*, 1.795.

²⁰ Badawi, Jamal. *Islamic Teachings*. Halifax, NS Canada. Package II, series F, cassettes 1 and 2.

they were based on the values of their human founders, e.g., epicurianism or happiness for happiness's sake. These models generally proposed a system of ethics divorced from religion. At the same time, the moral code adopted by other religions have often stressed values that de-emphasize our existence in this world. For example, Christianity by its overemphasis on monasticism encourages its adherents to retire from the hustle and bustle of daily life. By contrast, the moral code embedded in Islamic ethics emphasizes the relation of man to His Creator. Because God is Perfect and Omniscient, Muslims have a code that is neither timebound nor biased by human whims.²¹ The Islamic code of ethics is enforceable at all times because Its Creator and Monitor is closer to man than his jugular vein, and has perfect, eternal knowledge. To spell out Islam's moral code, we will now compare alternate ethics systems to the Islamic ethical system.

Alternate Ethics Systems

Contemporary ethics differs from the Islamic ethical system in multiple ways. Six ethical systems now dominate ethical thinking in general. These are summarized in Table 1.

Relativism

Relativism stresses that no single, universal criterion can be used to determine whether an action is ethical or not. Each person uses his or her own criterion, and this criterion may vary from culture to culture. As a result, the ethical character of different social values and behaviors are seen within specific cultural contexts.²² Hence, businessmen engaging in activities in another country are bound by its norms and values.

Several problems are associated with this ethical system. First, the relativism school is self-centered; it focuses solely on the individual and excludes any interaction with or input from the outside.²³ This approach is in direct contradiction to Islam. Islam stresses that an individual's ethical behavior and values should be based on criteria enunciated in the Qur'an and the Sunnah. Second, relativism implies an inherent laziness in the decision-maker; he or she may justify his or her behavior by simply referring to criteria based on self-interest. Islam, by contrast, stays away from decisions based only on one's perception of a situation. The principle of consul-

²¹ Loc. cit.

²² Weiss, p. 64.

²³ Loc. cit.

tation or *shūrā* with others is an intrinsic part of the Muslim businessman's decision-making apparatus. Egoism has no place in Islam.

Table 1
Overview of Six Major Ethical Systems

Alternate Ethical Systems	Decision-Making Criteria
Relativism (Self-interest)	Ethical decisions are made on the basis of self-interest and needs.
Utilitarianism (Calculation of costs and benefits)	Ethical decisions are made on the basis of the outcome(s) resulting from these decisions. An action is ethical if it results in the greatest benefit for the largest number of people.
Universalism (Duty)	Ethical decisions stress the intention of the decision or action. Similar decisions should be reached by everyone under similar circumstances.
Rights (Individual entitlement)	Ethical decisions stress a single value, liberty, and are based on individual rights ensuring freedom of choice.
Distributive Justice (Fairness and equity)	Ethical decisions stress a single value, justice, and ensure an equitable distribution of wealth and benefits.
Eternal Law (Scripture)	Ethical decisions are made on the basis of eternal law which is revealed in scripture.

Utilitarianism

From Cicero to Jeremy Bentham and J. S. Mill, the utilitarian approach to ethics has survived almost two millennia. It holds that "the moral worth of personal conduct can be determined solely by the consequences of that behavior."²⁵ An action is ethical if it results in the greatest benefit or "good" for the largest number of people. Hence, utilitarianism²⁶ is very outcome-oriented.

Problems associated with this ethical system are many. First, who determines what "good" is for the maximum number of people? Is it wealth, pleasure, or health? Second, what happens to the minority? If the majority in the US should decide that the doctrine of free love will rule the land, who will

²⁴ Adapted with permission from Weiss, J. W. *Business Ethics: A Managerial, Stakeholder Approach*. Belmont, CA: Wadsworth Publishing, © 1994. Reproduced with permission from the publisher.

²⁵ Hosmer, p. 109.

²⁶ I am discussing *act utilitarianism* instead of *rule utilitarianism*.

protect the interests of the minority who believes in matrimony and monogamous relationships as prescribed by God? Third, how are costs and benefits to be assessed when nonquantifiable issues such as health are to be dealt with? Fourth, individual rights and responsibilities are ignored in favor of the collective rights and responsibilities.²⁷ This is contrary to Islam because both it considers both individual and collective rights to be important. Further, a Muslim cannot blame the ummah for his actions; each person is ultimately responsible for his or her actions as an individual.

*One day every soul will come up struggling for itself and every soul will be recompensed (fully) for all its actions and none will be unjustly dealt with.*²⁸

Finally, utilitarianism determines the ethical nature of future actions through weighing their costs against their benefits, and can easily be carried to an extreme. This danger can be easily seen in the microeconomics approach to business ethics that dominates much of Western business's bottom-line thinking.

Microeconomics emphasizes the rule of *pareto optimality*. This rule stresses the efficient utilization of resources to satisfy consumer wants, rules out any need to consider ethical issues, and overemphasizes profit maximization. Milton Friedman summarizes the microeconomic approach to managerial ethics as follows:

*Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible.*²⁹

Contrary to the microeconomic approach to business ethics, profit maximization is not the ultimate goal or only ethical outcome of trade in Islam. Allah Ṣubḥānahu wa ta'ālā has said in the Qur'an:

²⁷ Weiss, 67.

²⁸ Qur'an 16:111.

²⁹ Friedman, Milton. 1962. *Capitalism and Freedom*. Chicago: University of Chicago Press, p. 133.

*Wealth and sons are allurements of the life of this world; But the things that endure, good deeds, are the best in the sight of your Lord, as rewards, and best as the foundation for hopes.*³⁰

Universalism

In contrast to utilitarianism's emphasis on the outcomes of decisions, universalism focuses on the intention of the decision or action. The key principle underlying the universalism school is Kant's principle of the **categorical imperative**. This principle is in two parts. First, a person should choose to act only if he/she is willing to let everyone on earth in a similar circumstance make the exact same decision and act the exact same way.³¹ Second, others should be treated as ends, worthy of dignity and respect, not just as means towards an end. Consequently, this approach focuses on the *duty* that an individual owes towards other individuals and humanity.

Problems with universalism relate to what Kant means by *duty*.³² According to him, only when we act from duty is our action ethical. If we acted simply out of feeling or self-interest, then our action has no moral worth. Islam, too, looks at the intention of the person committing an act.

'Alqamah ibn Waqqās al Laythī said, "I heard 'Umar, while he was on the minbar (pulpit) delivering a sermon, saying, 'I heard the Messenger of Allah say, "O people! Behold, the action(s) are but (judged) by intention(s) and every man shall have but that which he intended."'

Thus he whose migration was for Allah and His Messenger, his migration was for Allah and His Messenger, and he whose migration was to achieve some worldly benefit or to take some woman in marriage, his migration was for that for which he migrated."³³

However, good intentions alone do not make an unethical act ethical. As pointed out by Yūsuf al Qaradāwī, "good intentions do not make the *ḥarām* acceptable."³⁴ Whenever a Muslim follows up a good intention with a per-

³⁰ *Qur'an* 18:46.

³¹ Weiss, 68.

³² William H. Shaw. *Business Ethics*. Belmont, CA: Wadsworth, 1991, p. 57.

³³ 'Umar ibn al Khaṭṭāb, *Ṣaḥīḥ al Bukhārī*, hadith no. 1.1.

³⁴ Al Qaradāwī, Yūsuf. *Al Ḥalāl wa al Ḥarām fī al Islām*. Indianapolis, USA: American Trust Publications, p. 11.

missible action, his action becomes an act of worship. Indeed, the Prophet (saaw) said:

*In the morning alms are due from every bone in man's fingers and toes. Salutation to everyone he meets is alms; enjoining good is alms; forbidding what is disreputable is alms; removing what is harmful from the road is alms; having sexual intercourse with his wife is alms. The people asked, "He fulfills his desire, Apostle of Allah; is it alms?" He replied, "Tell me, if he fulfilled his desire where he had no right, would he commit a sin?" [...].*³⁵

Moreover, if an act is *ḥarām*, then Islam does not allow this *ḥarām* act to be used as a means to achieve a good end. In other words, the end does not justify the means. As the Prophet (saaw) explained, if someone acquires wealth through *ḥarām* means and then gives charity from it, he will not benefit from it and the burden of sin still remains.³⁶

Rights

The rights approach to ethics stresses a single value: liberty. To be considered ethical, decisions and actions must be based on individual rights ensuring freedom of choice. This approach suggests that individuals have moral rights that are non-negotiable. For example, every American is legally guaranteed the rights to freedom, dignity and choice. These rights, in turn, lead to mutual obligations among stakeholders. Thus, the employee has a right to a fair wage and to a safe working environment. The employer has a right to expect his trade secrets not be divulged by his employees.

The rights approach to ethics can be abused. Some individuals may insist that their rights take priority over the rights of others, and inequity may result. Rights also may need to have limits. Industry regulations that benefit society may still trample on the rights of certain individuals or groups. For example, overzealous industry regulations that require a certain type of dress code for safety reasons may unnecessarily set aside Muslim women's desire for modest clothing.

³⁵ Abū Dharr, in Abū Dāwūd, hadith no. 5223.

³⁶ Al Qaradāwī, p. 32. Please note that necessity does dictate exceptions, and Islam is not oblivious to the crises and emergencies that one may face. As seen in *Qur'an* 2:173, Allah will allow a Muslim to eat the *ḥarām* (e.g., pork, blood, dead animals) if he is faced with certain starvation. Under such duress, a Muslim need not embrace the *ḥarām* eagerly and should return to the *ḥalāl* as soon as possible. See al Qaradāwī, pp. 36-38.

Contrary to the myths perpetuated by orientalist, Islam is for freedom. For example, it allows humankind the freedom to choose his own faith. Allah says in the Qur'an:

*Let there be no compulsion in religion: Truth stands out clear from error: whoever rejects evil and believes in Allah has grasped the most trustworthy handhold, that never breaks. And Allah hears and knows all things.*³⁷

Islam, however, is for balance and rejects the notion of liberty without accountability. Man bears responsibility for his actions. Counterintuitively, the greatest freedom is attained by submission. Indeed, once a person believes in Allah, he attains a different kind of freedom:³⁸

*Say: He is Allah, the One and Only. Allah, the Eternal, Absolute: He begets not nor is He begotten. And there is none like unto Him.*³⁹

Islam frees the Muslim from servitude to anyone or anything except Allah.

Distributive Justice

This approach to ethics revolves around a single value: justice. To be considered ethical, decisions and actions should ensure an equitable distribution of wealth and benefits and burdens. There are five principles that may be used to ensure this proper distribution of benefits and burdens:⁴⁰

1. *To each an equal share.* When a company distributes its yearly bonuses, each eligible party should receive a portion equal to every other eligible party.
2. *To each according to individual need.* Resources should be allocated to individuals or departments in terms of the level of need they experience.
3. *To each according to individual effort.* Everything else being equal, employees should receive pay increases or paycuts in direct proportion to their level of effort.

³⁷ Qur'an 2:256.

³⁸ Sayed Kotb. *Social Justice in Islam*. New York: Octagon Books, 1980, p. 32.

³⁹ Qur'an 112:1-4.

⁴⁰ Shaw, pp. 86-87.

4. *To each according to social contribution.* If a company is making a special effort to address social issues, e.g., environmental pollution, it should receive rewards that other companies less careful about the environment may not get.
5. *To each according to merit.* Promotion, hiring and firing decisions should be done on the basis of individual merit and no other consideration, e.g., nepotism, favoritism or personal bias.

Islam is in favor of justice. According to the Qur'an, the role of the message delivered by His prophets has been to establish justice.⁴¹ Muslims in position of leadership are encouraged to deal justly with their followers or subordinates.

*The Prophet of Allah (peace be upon him) said, "A commander (of the Muslims) is a shield for them. They fight behind him and they are protected by (him from tyrants and aggressors). If he enjoins fear of God, the Exalted and Glorious, and dispenses justice, there will be a (great) reward for him; and if he enjoins otherwise, it redounds on him."*⁴²

The Islamic principles of distributive justice include the following:⁴³

- Every person is entitled to own property individually or in partnership with others. State ownership of critical resources is allowed if it is in the public interest.⁴⁴
- The poor have a claim on part of the wealth accumulated by the rich to the extent that the basic needs of everyone in society are met. Since Allah has honored the descendants of Adam and provided good things⁴⁵ for them, the basic needs of all humankind must be met. This is why the blessings of *infāq*, voluntary spending to take care of the poor, are emphasized in the Qur'an as well as in several hadiths. For example, the Prophet (saw) said:

⁴¹ Qur'an 57:25.

⁴² Abū Hurayrah, in *Ṣaḥīḥ Muslim*, hadith no. 4542.

⁴³ Ahmad, Ziauddin. 1991. *Islam, Poverty and Income Distribution*. Leicester, UK: The Islamic Foundation, pp. 15-16.

⁴⁴ See Ahmad, 1991 for more details.

⁴⁵ Qur'an 17:70.

*The most excellent ṣadaqah consists in your satisfying a hungry stomach.*⁴⁶

Islam, however, does not aim to remove all differences in income and wealth. The existence of these differences form part of Allah's plan. They serve towards the smooth functioning of the economy.⁴⁷

- Human exploitation at any level, in any shape and under any circumstances is anti-Islamic and must be ended. For example, the sweatshops that exploit the poor in exchange for paltry wages in order to keep production costs down are un-Islamic.

In general, Islam agrees with all of the principles of the distributive justice approach to ethics, but in a balanced manner. Islam does not endorse blind justice. Need alone may not require justice. Thus, a Muslim who has tried to get out of an oppressive situation is more deserving of help than another person who is simply claiming his share from the wealth of the rich.

When angels take the souls of those who die in sin against their souls, they say, "In what (plight) were you? They reply, "Weak and oppressed were we in the earth." They⁴⁸ say, "Was not the earth of Allah spacious enough for you to move yourselves away (from evil)?" Such men will find their abode in Hell. What an evil refuge!⁴⁹

Again, merit or social contribution alone do not require special consideration since these are often viewed as correlates of rank. Islamic justice can neither be modified nor suppressed by invoking rank and/or privilege. For example,

A lady committed theft during the lifetime of Allah's Apostle in the ghazwah of al Fath, (i.e., conquest of Makkah). Her folk went to Usamah ibn Zayd to intercede for her (with the Prophet). When Usamah interceded for her with Allah's Apostle, the color of the face of Allah's Apostle changed and he said, "Do you intercede with me in a matter involving one of the legal punishments prescribed by Allah?" Usamah said, "O

⁴⁶ Anas Ibn Mālik, in *Mishkāt al Maṣābīh*, 1946.

⁴⁷ See *Qur'an* 43:32, and Ahmad, 1991, pp. 19-20.

⁴⁸ The angels.

⁴⁹ *Qur'an* 4:99.

Allah's Apostle! Ask Allah's forgiveness for me." So in the afternoon, Allah's Apostle got up and addressed the people. He praised Allah as He deserved and then said, "Amma ba'du ! The nations prior to you were destroyed because if a noble amongst them stole, they used to excuse him, and if a poor person amongst them stole, they would apply (Allah's) legal punishment to him. By Him in whose hand Muhammad's soul is, if Fātimah, the daughter of Muhammad stole, I would cut her hand." Then Allah's Apostle gave his order in the case of that woman and her hand was cut off. Afterwards her repentance proved sincere and she got married. 'Ā'ishah said, "That lady used to visit me and I used to convey her demands to Allah's Apostle."⁵⁰

Compare the above decision of Muhammad (saaw) to the inconsistent treatment of law breakers in the contemporary Muslim world and the United States. The recent trial and acquittal of O J. Simpson illustrates what happens when ethics is derailed. Another example of inconsistency in the law is the treatment accorded to cocaine and crack addicts. Both types of drugs are equally *ḥarām* and harmful. Nevertheless, since cocaine is the Caucasian American drug of choice, the punishment for cocaine users is less severe than what is dealt to users of crack. Crack is cocaine in its raw form, but is primarily used by African Americans.

Eternal Law

Ethical decisions are made on the basis of eternal law which is revealed in scripture and in the state of nature. Many writers (including Thomas Aquinas) believe that by studying either the scripture or nature, man will become ethically aware.

Islam takes a different perspective. Basing himself on the Qur'an, namely verses 96:1-5; 68:1-2; and 55:1-3, Ṭahā Jābir al 'Alwānī concludes that humankind has been enjoined by Allah to perform two different kinds of readings simultaneously: a reading of Allah's revelation (the Qur'an) and a reading of the natural universe. Those who undertake only the first type of reading become ascetics. Sometimes, such a reading makes them become imbalanced and incapable of independent thinking. They give up all independent actions and fail in their responsibilities as the stewards of Allah

⁵⁰ *Ṣaḥīḥ al Bukhārī*, hadith 5.597.

(*istikhlāf*) or the keepers of His trust (*amānah*).⁵¹ Those who stress only the second reading "are powerless to answer the 'ultimate' questions," and generally dismiss everything beyond their abilities to perceive by means of the senses as 'supernatural.'⁵² Worse, should they believe at all, they believe in a god that they have themselves fashioned, often equating that god with nature itself. Such a one-sided reading can only lead to *shirk* or nonsensical theories such as existentialism, pantheism or even dialectical materialism. Hence, Muslims should perform both readings simultaneously:

*The Qur'an is a guide to the real-existential, and the real-existential is a guide to the Qur'an. [true] knowledge may not be attained except by means of a complementary reading of these two sources.*⁵³

As a result of these two readings, the Islamic code of ethics is unlike the moral code advocated by other religions. Christianity as well as some eastern religions emphasize the transience of this life, and value meditation and retirement from this world. Islam, on the other hand, stresses that piety is not achieved by relinquishing the life of this world. It is through the active participation in the day-to-day affairs of this world and through the struggle in this life against evil that a Muslim proves himself. The idea of the active participation of man in the material world is part of the concept of *tazkiyah*, namely growth and purification, and is important with respect to Islamic economic theory.⁵⁴ In other words, a Muslim is expected to participate in *dunyā* with the proviso that any material enhancement and growth must lead to social justice and spiritual upliftment of both the *ummah* and himself. Allah emphasizes that ultimate goal with the story of Qārūn:

*The reward of Allah (In the Hereafter) is best for those who believe and work righteousness: but this none shall attain, save those who steadfastly persevere (in good).*⁵⁵

⁵¹ Ṭāhā Jābir al 'Alwānī. 1995. *The Islamization of Knowledge: Yesterday and Today*. Translation into English by Yusuf Talal DeLorenzo. Herndon, Virginia: International Institute of Islamic Thought, pp. 6-13.

⁵² Loc. cit., p. 8.

⁵³ Loc. cit. p. 11.

⁵⁴ T. Gambling and R. Karim. *Business and Accounting Ethics in Islam*. London: Mansell, 1991, p. 33.

⁵⁵ *Qur'an* 28:80.

While participating in this life, a Muslim must remember to be consistent both in his acts of worship and in his day-to-day life. Observing the five pillars of Islam is not enough for a Muslim; he also needs to conform to the Islamic code of ethics.

*Allah's Apostle (peace be upon him) said, "Do you know who is poor?" They (the Companions of the Prophet) said, "A poor man amongst us is one who has neither dirham with him nor wealth." He (the Prophet) said, "The poor of my ummah would be he who would come on the Day of Resurrection with prayers and fasts and zakat but (he would find himself bankrupt on that day as he would have exhausted his funds of virtues) since he hurled abuses upon others, brought calumny against others and unlawfully consumed the wealth of others and shed the blood of others and beat others, and his virtues would be credited to the account of one (who suffered at his hand). And if his good deeds fall short to clear the account, then his sins would be entered in (his account) and he would be thrown in the Hell-Fire."*⁵⁶

The eternal law in Islam is not limited to matters of religion; it permeates all aspects of a Muslim's life.

Islamic Ethical System

Based upon the above discussion, some of the key parameters of the Islamic ethical system have been uncovered, and can be summarized as follows:

- Actions and decisions are judged to be ethical depending on the intention of the individual. Allah is Omniscient, and knows our intention completely and perfectly.
- Good intentions followed by good actions are considered as acts of worship. *Halāl* intentions cannot make *ḥarām* actions *halāl*.
- Islam allows an individual the freedom to believe and act however he/she desires, but not at the expense of accountability and justice.
- Belief in Allah endows the individual with complete freedom from anything or anybody except Allah.

⁵⁶ Abū Hurayrah, *Ṣaḥīḥ Muslim*, hadith no. 6251.

- Decisions that benefit the majority or a minority are not necessarily ethical in themselves. Ethics is not a numbers game.
- Islam uses an open system approach to ethics, not a closed, self-oriented system. Egoism has no place in Islam.
- Ethical decisions are based on a simultaneous reading of the Qur'an and the natural universe.
- Unlike the ethical systems advocated by many other religions, Islam encourages humankind to experience *tazkiyah* through active participation in this life. By behaving ethically in the midst of the tests of this *dunyā*, Muslims prove their worth to Allah.

In contrast to all the approaches summarized in Table 1, the Islamic ethical system is neither fragmented nor unidimensional. It is part of the Islamic view of life and therefore complete. There is internal consistency, or 'adl, or equilibrium, within an individual's code of conduct. This axiom of equilibrium is at the heart of the following Qur'anic *āyāt*:

*Thus have We made of you an ummah justly balanced that you might be witnesses over the nations and the Apostle a witness over yourselves;*⁵⁷

To further develop the Islamic ethical system, we need to investigate what axioms guide the ethical philosophy of Islam. These have been implicitly referred to so far, but are discussed in detail in the next section.

Axioms of Islamic Ethical Philosophy

Five key axioms⁵⁸ govern Islamic ethics: unity, equilibrium, free will, responsibility, and benevolence, and are summarized in Table 2.

Unity

Unity, as reflected in the concept of *tawhīd*, is the vertical dimension of Islam. It combines into a homogeneous whole all the different aspects of a Muslim's life: economic, political, religious, and social, and stresses the idea

⁵⁷ Qur'an 2:143.

⁵⁸ Naqvi, S. (1981), p. 48-57 introduces the first four axioms, but the ethical work of al Ghazālī suggests that the concept of 'adl includes not only equilibrium but also justice and equity, and that there may be an additional axiomatic principle, that of *iḥsān* or benevolence.

of consistency and order throughout. The axiom of unity has lasting effects on the Muslim:⁵⁹

1. Since a Muslim looks upon everything in the world as belonging to Allah, the same Lord to Whom he himself belongs, he cannot be biased in his thinking and behavior. His vision is wider, and his sense of service is not restricted to any specific sphere or group. Any thought of racism or caste system is inconsistent with his thinking.

Table 2
Axioms of Islamic Ethical Philosophy

Axiom	Definition
Unity	Related to the concept of <i>tawhīd</i> . The political, economic, social, and religious aspects of man's life form a homogeneous whole, which is consistent from within, as well as integrated with the vast universe without. This is the vertical dimension of Islam.
Equilibrium	Related to the concept of <i>'adl</i> . A sense of balance among the various aspects of a man's life mentioned above in order to produce the best social order. This sense of balance is achieved through conscious purpose. This is the horizontal dimension of Islam.
Free will	Man's ability to act without external coercion within the parameters of Allah's creation and as Allah's trustee on earth.
Responsibility	Man's need to be accountable for his actions.
Benevolence	<i>Iḥsān</i> or an action that benefits persons other than those from whom the action proceeds without any obligation.

2. Since Only Allah is all powerful and omniscient, the Muslim is indifferent to, independent of, and fearless of, all powers other than

⁵⁹ Maudoodi, Sayyid Abul A'la. 1977. *Towards Understanding Islam*. Tacoma Park, MD: International Graphics Printing Service, pp. 74-78.

⁶⁰ Naqvi, S. (1981), pp. 48-57.

Him. He is not overawed by anybody's greatness, and will not allow himself to be coerced into performing unethical acts by anybody. Since Allah *Ṣubḥānahu wa ta'ālā* can take away just as He can give, the Muslim will be humble and modest.

3. Since he is convinced that only Allah *Ṣubḥānahu wa ta'ālā* can help him, he never despairs of Allah's Help and Mercy. No man or animal has the power to deprive him of his life before his appointed time; Allah only has the power to take away his life. He will act bravely in doing what is ethical and Islamic.
4. The most important effect of *lā ilāha illa Allāh* is that the Muslim will obey and observe Allah's law. He believes that Allah knows everything open or hidden, and that he cannot hide anything, intention or act from his Lord. Consequently, he will avoid what is forbidden, and engage in what is good.

Application of the Unity Axiom to Business Ethics: Based on the above discussion of the unity axiom, a Muslim businessman will not:

- Discriminate among his employees, suppliers, buyers, or any other stake-holder on the basis of race, color, sex, or religion. This is consistent with Allah's purpose for creating mankind:

*O mankind! Lo! We have created you male and female, and have made you nations and tribes, that you may know one another.*⁶¹

- Be coerced into unethical practices, since he has only Allah to fear and love. He follows the same, unified code of behavior whether he is in the mosque, earning a living or acting out other aspects of his life. He will be content.

*"Say: Lo! My worship and my sacrifice and my living and my dying are all for Allah, Lord of the Worlds."*⁶²

⁶¹ *Qur'an* 49:13.

⁶² *Qur'an* 6:163.

- Hoard his wealth avariciously. The concept of *amānah* or trust is of critical importance to him because he knows that any worldly merit is transient, and must be used wisely. A Muslim is not solely guided by profits, and is not seeking to accumulate wealth at any cost. He realizes that:

*Wealth and sons are allurements of the life of this world; but things that endure—good deeds—are best in the sight of your Lord, as rewards, and best as (the foundation for) hopes.*⁶³

Equilibrium

Equilibrium, or *'adl*, describes the horizontal dimension of Islam, and relates to the all-embracing harmony in the universe.⁶⁴ The law and order that we see in the universe reflect this delicate balance. As Allah says,

*Lo! We have created every thing by measure.*⁶⁵

The property of equilibrium is more than a characteristic of nature; it is a dynamic characteristic which each Muslim must strive for in his or her life. The need for balance and equilibrium is stressed by Allah when He labels the Muslim ummah as *ummatun wasatun*. To maintain a sense of balance between those who have and those who have not, Allah stresses the importance of giving and condemns the practice of conspicuous consumption:

*And spend of your substance in the cause of Allah. And make not your own hands contribute to (your) destruction; But do good; for Allah loves those who do good.*⁶⁶

Simultaneously, Allah is not urging extreme asceticism. Balance and moderation are key; He describes those "who will be rewarded with the highest place in heaven" as:

Those who, when they spend, are not extravagant and not niggardly, but hold a just (balance) between those two extremes;

⁶³ Qur'an 18:46.

⁶⁴ See Maudoodi, *Towards Understanding Islam*, pp. 2-3 for an in-depth discussion of equilibrium.

⁶⁵ Qur'an 54:59.

⁶⁶ Qur'an 2:195.

*Those who invoke not with Allah, any other god, [...]; those who witness no falsehood and, if they pass by futility, they pass by it with honorable (avoidance); those who, when they are admonished with the signs of their Lord, droop not down at them as if they were deaf or blind: [...]*⁶⁷

Application of the Equilibrium Axiom to Business Ethics. The principle of equilibrium or balance applies both figuratively and literally to business. For example, Allah admonishes Muslim businessmen to:

*Give full measure when you measure and weigh with a balance that is straight: that is the most fitting and the most advantageous in the final determination.*⁶⁸

It is interesting that another meaning of 'adl is justice and equity.⁶⁹ As can be seen in the above *āyāt*, a balanced transaction is also equitable and just.⁷⁰ The Qur'an uses the term 'adl in this sense. Overall, Islam does not aim to create a society of martyr-like merchants, doing business for purely philanthropic reason. Instead, Islam wants to curb man's propensity for covetousness and his love for possessions. As a result, miserliness⁷¹ and a spendthrift mode of conduct have both been condemned in the Qur'an and in the Hadith.

Free Will

To a certain degree, man has been granted the free will to steer his own life as Allah's vicegerent on earth.⁷² Notwithstanding the fact that he is completely regulated by the law governing Allah's creation, he has been endowed with the ability to think and form judgments, to adopt whatever course of life he wishes and, most importantly, to act in accordance with

⁶⁷ Qur'an 25:67-68, 72-73.

⁶⁸ Qur'an 17:35.

⁶⁹ Umar-ud-din, Muhammad. *The Ethical Philosophy of al Ghazzālī*. Lahore, Pakistan: Sh. Muhammad Ashraf, 1991, p. 241.

⁷⁰ The notion of balance being consistent with the concepts of equity and justice is part of equity theory in management; see Gibson, J. L., Ivancevich, J. M. and Donnelly, J. H. (1994). *Organizations: Behavior, Structure and Processes*. Burr Ridge, IL: Irwin.

⁷¹ "Those who hoard up gold and silver and spend them not in the way of Allah..." Qur'an 9:34.

⁷² Qur'an 2:30.

whatever code of conduct he chooses. Unlike other creatures in Allah's universe, he can choose how ethically or unethically he will behave.

Say, "The Truth is from your Lord. Let him who will, believe, and let him who will, reject (it)." ⁷³

Once he chooses to become a Muslim, he must submit his will to Allah's. He joins the collective of the ummah, and assumes his rightful position as Allah's trustee on earth. He agrees to behave according to the code that Allah has revealed for his individual and social life. Now "his entire life has become one of submission to God, and there is no conflict in his personality."⁷⁴ Free will co-exists with unity and equilibrium.

Application of the Free Will Axiom to Business Ethics. Based upon the axiom of free will, man has the freedom to make a contract and either honor or break it. A Muslim, who has submitted to the will of Allah, will honor all contracts.

*O you who believe! Fulfill (all) obligations.*⁷⁵

It is important to note that Allah is directing the above verse explicitly to Muslims. As Yūsuf 'Alī suggests, the word *'uqūd* is a multidimensional construct. It implies (a) the divine obligations that spring from our spiritual nature and our relation to Allah, (b) our social obligations such as a marriage contract, (c) our political obligations such as a treaty, and (d) our business obligations such as a formal contract to perform certain tasks or a tacit contract to treat our employees decently. The Muslim must curb his free will to act according to the moral code laid out by Allah.

From an economics standpoint, Islam rejects the principle of *laissez-faire* and the Western reliance on the concept of the "Invisible Hand."⁷⁶ Since a key part of the make-up of man is the *nafs ammārah*, he is prone to abuse such a system. The examples of Ivan Boesky, Michael Milken and the junk bonds fiasco, the Savings and Loan scandal in the United States, the BCCI debacle, the corruptive practices of the government and the Mafia in Italy, the *baqshish* system in the Middle East, the stock market scandals in

⁷³ *Qur'an* 18:29.

⁷⁴ Maudoodi, p. 4.

⁷⁵ *Qur'an* 5:1.

⁷⁶ Naqvi, pp. 66-67.

Japan, etc., all demonstrate the deficiencies in the capitalistic system. *Homo Islamicus*⁷⁷ guided by Allah's law will consciously choose to be ethical.

Responsibility

Unlimited freedom is absurd; it implies no responsibility or accountability. To meet the dictates of 'adl and unity that we see in Allah's creation, man needs to be accountable for his actions. Allah stresses this concept of moral responsibility for one's actions:

*[...]Whoever works evil, will be requited accordingly. Nor will he find, besides Allah, any protector or helper. If any do deeds of righteousness—be they male or female—and have faith, they will enter heaven, and not the least injustice will be done to them.*⁷⁸

Islam is fair: as previously discussed, a person is not responsible for his/her actions (a) if he/she has not reached the age of puberty, (b) if he/she is insane or (c) if he/she is acting during sleep.

Within the concept of responsibility, Islam draws a distinction between *farḍ al 'ayn* (individual responsibility that is non-transferable) and *farḍ al kifāyah* (collective responsibility dischargeable by a few).⁷⁹ For example, *farḍ al kifāyah* suggests that if someone is able to earn a suitable living and wants to occupy himself by studying some of the religious sciences but finds that his work will not allow him to do so, then he may be given zakat since seeking knowledge is considered a collective duty. As for one who is engaged in supererogatory worship (*nawāfil*) or for one who occupies himself in *nawāfil* with no time to pursue his own livelihood, he may not receive zakat. This is because the benefit of his worship is confined to him alone, contrary to the one who seeks knowledge. *Farḍ al 'ayn*, however, means an injunction or ordinance unconditional in its nature, and general in its application, and the obligation of which extends alike to every individual. Thus fasting and prayer are of the class *farḍ al 'ayn*, and a Muslim cannot shift his personal responsibility for praying.⁸⁰

⁷⁷ Zarqa, M. A., "Social Welfare Function and Consumer Behavior: An Islamic Formulation of Selected Issues." Paper presented at the First International Conference on Islamic Economics, Makkah, 1976.

⁷⁸ *Qur'an* 4:123-124.

⁷⁹ Ahmad, Khurshid. Foreword in Naqvi, pp. 14.

⁸⁰ *Al Hidāyah*, Vol. II (Hanafi Manual), Chapter I, Serial No. 3988.

Responsibility in Islam is multi-layered and focuses at both the micro- (individual) level and the macro- (organizational and societal) level. Responsibility in Islam even brings together both the micro and the macro levels (e.g., between the individual and various societal institutions and forces). As Sayed Kotb points out,

*Islam lays down the principle of mutual responsibility in all its various shapes and forms. In it we find the responsibilities which exist between a man and his soul, between a man and his immediate family, between the individual and society, between community and other communities. [...]*⁸¹

We shall discuss later this expanded meaning of responsibility with specific reference to the social responsibility of organizations.

Application of the Responsibility Axiom to Business Ethics. Should a Muslim business person behave unethically, he cannot blame his actions on the pressures of business or on the fact that everybody else is behaving unethically. He bears the ultimate responsibility for his own actions. Accordingly, Allah states:

*Every soul will be (held) in pledge for its deeds.*⁸²

Hence, this axiom ties in with the other axioms of unity, equilibrium and free will. All obligations must be honored unless morally wrong. For example, Abraham (saaw) rejected his filial obligations because his father wanted him to engage in *shirk* or idolatry. On the other hand, the Prophet (saaw) observed the conditions of the treaty of Hudhaybiyah although it meant that Abū Jandal, a new Muslim, had to be returned to the Quraysh envoys. Once a Muslim has given his word or engaged in a legitimate contract, he must see it through.

The Prophet (peace be upon him) said, "The signs of a hypocrite are three: 1. Whenever he speaks, he tells a lie. 2. Whenever he promises, he always breaks it (his promise). 3. If you trust him,

⁸¹ Kotb, p. 56.

⁸² *Qur'an* 74:38.

he proves to be dishonest (if you keep something as a trust with him, he will not return it).⁸³

Benevolence

Benevolence (*ihsān*) or kindness to others is defined as "an act which benefits persons other than those from whom the act proceeds without any obligation."⁸⁴ Kindness is encouraged in Islam. The Prophet (saaw) is reported to have said:

The inmates of Paradise are of three types: one who wields authority and is just and fair; one who is truthful and has been endowed with power to do good deeds; and the person who is merciful and kind-hearted towards his relatives and to every pious Muslim, and who does not stretch out his hand in spite of having a large family to support.⁸⁵

Application of the Benevolence Axiom to Business Ethics. According to al Ghazzālī,⁸⁶ there are six kinds of benevolence:

1. If a person needs a thing, one should give it to him, making as little profit as possible. If the giver forgoes the profit, it will be better for him.
2. If a man purchases anything from a poor person, it will be more graceful on his part to suffer a little loss by paying him more than what he considers to be the proper price. Such an act must produce an ennobling effect, and a contrary act is likely to have the reverse effect. It is not praiseworthy to pay a rich man more than his due when he is notorious for charging high rates of profit.
3. In realizing one's dues and loans one must act benevolently by giving the debtors more time to pay than is due and, if necessary, one should make reductions in loans to provide relief to the debtors.
4. It is only proper that people who want to return the goods they have purchased should be permitted to do so as a matter of benevolence.
5. It is a graceful act on the part of a debtor if he pays his debts without being asked to do so, if possible long before they are due.

⁸³ Abū Hurayrah, *Ṣaḥīḥ al-Bukhārī*, hadith no. 1.32.

⁸⁴ See Umar-ud-din, p. 241.

⁸⁵ Iyād Ibn Himar, *Ṣaḥīḥ Muslim*, hadith no. 6853.

⁸⁶ See Umar-ud-din, pp. 241-242.

6. When selling things on credit one should be generous enough, not to press for payment when people are not able to pay on the stipulated terms.

Although the above axioms guide us in our day to day behavior, they are more descriptive of the ethical philosophy of Islam. The Qur'an and the Sunnah complement these axioms by specifying the degree of lawfulness of key types of behaviors as well as the *ḥarām* and *ḥalāl* business areas for Muslim businessmen.

Degrees of Lawful and Unlawful Behavior in Islam⁸⁷

In describing the moral code of Islam, it is important for us to understand that actions can be categorized according to their degree of lawfulness or unlawfulness. In *fiqh*, five such classes have been enunciated.

1. **Fard** represents the class of actions that is mandatory on every person claiming to be a Muslim. For example, praying *ṣalāt* five times a day, fasting, zakah are among the compulsory actions that a Muslim must perform.
2. **Mustahabb** describes the class of actions that are not obligatory but highly recommended of Muslims. Example of such actions would include supererogatory fasting beyond Ramadan, praying the *nawāfil* prayers, etc.
3. **Mubāh** actions are permissible in the sense they are specified neither as mandatory nor as forbidden. For example, a Muslim may like a certain type of *ḥalāl* food over another type of *ḥalāl* food. Or a Muslim may like gardening.
4. **Makrūh** actions are not absolutely forbidden, but are detested. The *makrūh* is less in degree than the *ḥarām*, and the punishment for *makrūh* is less than for those acts which are *ḥarām*, except when done in excess and in a manner leading towards what is *ḥarām*.⁸⁸ For example, although smoking is not expressly forbidden like drinking alcohol, it is in itself a action that is *makrūh*.
5. **Ḥarām** actions are unlawful and prohibited. Committing them is a major sin, e.g., murder, adultery, drinking alcohol. Such acts are likely to incur the punishment of Allah in the Hereafter as well as a legal punishment in this world.⁸⁹

⁸⁷ Badawi, Gamal, loc. cit.

⁸⁸ Al Qaraḍāwī, p. 10.

⁸⁹ Loc. cit.

Interestingly, relatively few things fall under the category of *ḥarām* or *ḥalāl*. The boundaries between the five above-mentioned categories are not absolute. For example, what is *ḥarām* under one set of circumstances may become permissible under others. Thus, a Muslim is not allowed to eat pork. However, should he fear death from starvation, and nothing but pork is available, he is allowed to eat pork in that specific situation.⁹⁰

Table 3 summarizes the Islamic principles pertaining to *ḥalāl* and *ḥarām* as presented by Yūsuf al Qaradāwī. Based upon the above categorization and principles 4 and 5, a first rule is that what is lawful is also wholesome and pure. What is not lawful can hurt us. For example, Islam has long discouraged Muslims from drinking alcohol. It is only recently that child-birth studies have indicated that any amount of alcohol consumed by a woman during pregnancy can affect the child in her womb, and lead to fetal alcohol syndrome and/or mental retardation. Implicitly, what is lawful is also moral, and what is unlawful is immoral. For example, adultery is both unlawful and immoral. A second rule is that what leads to an unlawful act is also unlawful. Hence, pornography is unlawful and immoral because it may lead to adultery.

In mapping out one's ethical behavior, it is very important for Muslims both to avoid the unlawful and to avoid making the unlawful as lawful. Allah Himself says:

*Say: See you what things Allah has sent down to you for sustenance? Yet you hold forbidden some things thereof and (some things) lawful. Say: Has Allah indeed permitted you, or do you invent (things) to attribute to Allah?*⁹¹

The reverse is also true.⁹² Muslims should not make unlawful what Allah has labeled as lawful. For example, a buffalo may be an endangered species. One may stop hunting it in order to allow its herds to grow back, but one cannot say that it is forbidden to eat buffalo meat or to trade in buffalo skins.

⁹⁰ Al Kaysī, Marwān Ibrāhīm. *Morals and Manners in Islam*. Leicester, UK: The Islamic Foundation, 1989, p. 50.

⁹¹ *Qur'an* 10:59.

⁹² *Qur'an* 5:87.