

Table 8¹⁸⁵
The Social Audit Process

Steps	Contents
Determine social expectations	Investigate what key stakeholders expect from the company and within what areas.
Outline firm's position and response	Determine where the firm stands with respect to various stakeholder demands, and explain how the firm will respond to these.
State program objectives and resources committed.	Break down response to stakeholder demands into program areas, and outline objectives for each program area. For example, cut down by 50% pollution produced by smokestacks through the use of special equipment.
Monitor progress and implement corrections	Assess the degree to which program objectives are being met, and make necessary corrections.

General Ethical Guidelines for Muslims in Business

Some general guidelines govern the Islamic code of ethics with relation to both one's daily life and business conduct. Muslims are required to behave Islamically in their business dealings because Allah Himself is witness to their transactions:

*In whatever business you may be, and whatever portion you may be reciting from the Qur'an—and whatever deed you (mankind) may be doing—We are Witnesses thereof when you are deeply engrossed therein. [...]*¹⁸⁶

Here are some key business principles that Muslims should follow.

Be Honest and Truthful. Honesty and truthfulness are qualities which a Muslim businessman should develop and practice in himself. Truth, for example, has a self-reinforcing effect. In a hadith reported in *Ṣaḥīḥ al Bukhārī*,

¹⁸⁵ Loc. cit.

¹⁸⁶ *Qur'an* 10:61.

*The Prophet (peace be upon him) said, "Truthfulness leads to righteousness, and righteousness leads to Paradise. A man continued to tell the truth until he becomes a truthful person. Falsehood leads to al fujūr (i.e., wickedness, evil-doing), and al fujūr (wickedness) leads to the (Hell) Fire, and a man may continue to tell lies till he is written before Allah, a liar."*¹⁸⁷

Honesty and truth is especially important for Muslim business persons because of the need to make a profit and the temptations to enhance the attributes of their product or service during a sales pitch. This is why the Prophet (saaw) said:

*The merchants will be raised on the Day of Resurrection as evil-doers, except those who fear Allah, are honest and speak the truth.*¹⁸⁸

Keep Your Word. In a hadith narrated by Abū Hurayrah, the Prophet (saaw) is reported to have said:

*The Prophet (peace be upon him) said, "If you guarantee me six things on your part I shall guarantee you Paradise. Speak the truth when you talk, keep a promise when you make it, when you are trusted with something fulfill your trust, avoid sexual immorality, lower your eyes, and restrain your hands from injustice."*¹⁸⁹

Love Allah More Than Your Trade. We must love Allah even if we have to sacrifice everything else. Allah warns in the Qur'an,

Say, "If it be that your fathers, your sons, your brothers, your mates, or your kindred; the wealth that you have gained; the commerce in which you fear a decline; or the dwellings in which you delight—are dearer to you than Allah, or His Messenger, or the striving in His cause—then

¹⁸⁷ 'Abd Allāh, in *Ṣaḥīḥ al-Bukhārī*, hadith no. 8.116.

¹⁸⁸ Tirmidhī, Ibn Mājah and Dārimī transmitted it, and Bayhaqī transmitted it in *Shu'ab al-Imān* on the authority of al-Barā'. *Mishkāt al-Maṣābiḥ*, 2799.

¹⁸⁹ 'Ubādah ibn al-Ṣāmit, Aḥmad and Bayhaqī transmitted it, *Mishkāt al-Maṣābiḥ*, 4870.

*wait until Allah brings about His Decision: and Allah guides not the rebellious.*¹⁹⁰

Deal with Muslims before Dealing with Non-Muslims. In a sound hadith, the Prophet (saaw) hired a polytheist as a guide at the time of his migration from Makkah to Madinah, thus entrusting him with his life and money. The people of the tribe of Khuza'ah, who included both Muslims and non-Muslims, acted as scouts for the Prophet (saaw). In a hadith reported by Sa'd, the Prophet (saaw) asked Muslims to seek medical treatment from al-Harith ibn Kaldah, who was a disbeliever.¹⁹¹ However, as As Sayyid Sābiq pointed out, if a Muslim physician is present, one should seek his or her treatment and not turn to anyone else. The same applies when one has to entrust a person with funds or deal with him in business.¹⁹²

Be Humble in how You Conduct Your Life. Muslims must not lead a life of extravagance, and must exhibit good-will in any transactions among themselves.

*O you who believe! Eat not up your property among yourselves in vanities: but let there be amongst you traffic and trade by mutual good-will: nor kill (or destroy) yourselves: for verily Allah has been to you Most Merciful.*¹⁹³

Use Mutual Consultation in Your Affairs. In describing the characteristics of those who will receive higher and more permanent gifts from Him, Allah stresses the importance of consultation.

*Those who hearken to their Lord; and establish regular prayer; who (conduct) their affairs by mutual consultation, who spend out of what we bestow on them for sustenance.*¹⁹⁴

Do Not Deal in Fraud. Businessmen should avoid duplicity. They should treat others in the same righteous and fair manner that they themselves would like to be treated.

¹⁹⁰ Qur'an 9:24.

¹⁹¹ Abū Dāwūd, hadith no. 3866.

¹⁹² Fiqh-us-Sunnah, 4, 6.a, paragraph 4.

¹⁹³ Qur'an 4:29.

¹⁹⁴ Qur'an 42:38.

*Woe to those that deal in fraud those who when they have to receive by measure from men exact full measure. But when they have to give by measure or weight to men give less than due. Do they not think that they will be called to account?*¹⁹⁵

Do Not Bribe. Businessmen may sometimes be tempted to offer bribes or *baqshish* in order to persuade another party to give them special favors or to allow them to get away with dishonest practices. The practice of bribery is forbidden in Islam.

*The Apostle of Allah (peace be upon him) cursed the one who bribes and the one who takes bribes.*¹⁹⁶

Deal Justly. The general principle that applies across all transactions including those pertaining to businesses is that of justice or '*adl*'. Allah emphasizes this point in the Qur'an:

*Deal not unjustly, and you shall not be dealt with unjustly.*¹⁹⁷

In applying the above guidelines, Muslims may wish to use the checklist in Table 9 to examine the ethics of a business decision. The questions in this checklist¹⁹⁸ draw from the ethical philosophy of Islam, but avoid the level of abstraction typically connected with moral reasoning.

Punishment and Repentance for Unethical Behavior

No Coercion in Ethical Behavior

Just as there is no compulsion in religion, one cannot generate goodness in one's business peers by coercion. Muslims have to choose to be ethical. This is why Allah has given us free will. Born in a state of *fitrah*, we later choose our *din*. If an individual misbehaves after reaching the age of reason, we should investigate why he did so before inflicting any penalty (*hudd*). He may have behaved unethically either because of extenuating circumstances

¹⁹⁵ Qur'an 83:1-4.

¹⁹⁶ 'Abd Allāh ibn 'Amr ibn al 'Āṣ, Abū Dāwūd, hadith no. 3573.

¹⁹⁷ Qur'an 2:279.

¹⁹⁸ Adapted from Nash, Laura. "Ethics without the Sermon." In Peter Marsden and Jay Shafritz (eds.), *Essentials of Business Ethics*. New York: Penguin, pp. 38-61.