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# INTERNATIONAL JOURNAL OF ACADEMIC RESEARCH IN BUSINESS & SOCIAL SCIENCES



## Development of Entrepreneurship's Ethics from Islamic Perspective

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### Abstract

*Scholars across the world are said to be in agreement that a successful entrepreneur should be an all-round individual who can adapt to different environment be they cultural or geographical. For instances, one needs to first be knowledgeable about the products and their market. One must also have the discipline and be confidence, passionate, ambitious and liberal. It is also always important to build a strong professional network with people of the same as well as different market. For those inexperienced, possessing such knowledge and skills will definitely enable one to succeed should he or she ventures into the field. Nevertheless, it is important to note that an entrepreneurship is not solely for profitable cause or trading. It is also considered as a social community service which has the potential to build a civilisation and to sustain its future. When a work is done based on Islamic values, both mind and action must be in accordance and holistically based. In other words, a Muslim entrepreneur is not only defined as possessing the knowledge and skills mentioned, but also the integration with the teachings of Islam.*

**Keywords:** Islamic entrepreneurship, ethic and culture, al-Qur'an and hadith

### Introduction

According to the Islamic worldview (*tasawwur*), entrepreneur has been encouraged by Islam as one of the best options for profession. Muslims are urged to vigorously engage themselves in entrepreneurship. The result from such motivation is based on the highest recognition given by 'Syarak' (Islamic law) towards truthful and trustworthy entrepreneurs. Abu Said relates that the Holy Prophet S.A.W. said: "*The truthful and trustworthy businessman will be in the company of Prophets, saints and martyrs on the Day of Judgment*" (Hadith narrated by al-Tirmidhi). Based on the Hadith, an entrepreneur is deemed highly as to be placed among the Prophets, saints and martyrs. However, Rafiq (2007) states that it will be difficult to achieve the required 'truthful and trustworthy' level for businesses have always been easily intertwined with negative elements such

as fraud and lies. Hence, it is until they manage to overcome the trials that their dignity will be equal to that of the prophets, the saints, the martyrs and the '*salihin*'.

### The Foundation of Islamic Ethic

Islam as '*al-Din*', is not limited to the belief and worshipping, but it is also a system and rules of a comprehensive life (*syumul*). Badrayn (1972) said, academically Islam can be divided by three main components; '*aqeedah*', '*shariah*', and '*akhlaq*'. '*Aqeedah*' serves as the backbone that becomes a Muslim's guiding principle whereas '*shariah*' becomes a way of living that determines a Muslim's actions. Consequently, a strong and steady '*aqeedah*' and '*shariah*' then form the '*akhlaq*' which is the ethic.

'*Aqeedah*' is the beginning towards the '*da'wah*' (preaching) of Islam and it brings people closer to Allah Almighty. Apart from declaring human liberation from all forms of slavery, the '*shahadah*', which serves as the motive behind human behaviour, also demands mankind to earnestly execute affliction (*takleef*) whether in vertical or horizontal relationship. This is to avoid dualism where one worships Allah Almighty but works because of other reasons (Muhammad, 2006). The implication of that is the '*shariah*' determines the '*halal*' and '*haram*' and acts as a mechanism in punishing those who deviate (al-Qaradhawi, 2001). *Akhlaq* is the Islamic moral values are the manifestation of the philosophical spirit of '*tawheed*' that drives individuals' personality and behaviour according to the '*shariah*' which has been prescribed for His subjects.

### Development of Islamic Ethic in the Entrepreneurs Personality

Islam has set certain ethics as guidance on how to purchase and sell as well as the dos and don'ts. Due to the holistic Islamic philosophies and '*tasawwur*', a Muslim entrepreneur's underlying personality must be based on the basic of '*al-Din*', which functions as the fundamental. Therefore, in order to ensure the success in shaping the working culture and the work ethics based on the Islamic perspective, each entrepreneur should possess every personality below:

#### i. '*Taqwa*' (God-consciousness)

This can only be achieved if everything is intended for Allah Almighty supplemented with a strong faith and '*taqwa*'. One should always glorifies Him and develops the earth in accordance to '*Rububiyyah*' and '*Uluhiyyah*' (al-Qur'an, 49:2). Moreover, one should also become dependent of Allah Almighty (al-Qur'an, 67:21) and not abandon his obligations as the servant of God due to entrepreneurial activity (al-Qur'an, 24:37). The Prophet S.A.W. once said to a group of traders and buyers: *"O the dealers, then they would respond to the Prophet by lifting their neck and their view fixed upon him. Then he said: dealers will be resurrected on the Day of Judgment as 'fujjar' (evil, sinners, people of hell), except for those who fear Allah, are fair and tell the truth"* (Hadith narrated by al-Tirmidhi). The fear of Allah Almighty in the context of this Hadith simply urges entrepreneurs to never swindle and betray, to be good to others and to handle the business properly. They are also reminded to worship Him and to speak of nothing but the truth. As a '*khalifah*', the task is only to make use of what is available to one's advantage. This promotes the sense of community within every entrepreneur as the profits they have gained do not belong to them alone. In fact, the rightful owner of the profits has even placed certain principles that must be followed.

Through '*taqwa*', the entrepreneurs will possess qualities such as matured, loving, highly motivated and finally, believe that happiness can be found in a life that is '*qana'ah*' (satisfaction). These feelings produce a feeling of eternal gratefulness towards everything given by Allah Almighty. (al-Qur'an, 14:7). Furthermore, the '*Rabbani*' scholars state that believing in the predestination by Allah Almighty of all things ('*qada*' and '*qadar*'), both the seemingly good and the seemingly bad, will increase a Muslim's self-confidence. For examples, a feeling of tranquillity, bravery, generosity and does not envy the success of others.

## ii. Knowledgeable

Gaining knowledge is compulsory and in this context, the knowledge related to entrepreneurship. It is with knowledge that they are expected to be careful in differentiating the '*hala*' and '*haram*' and to keep away from anything that is '*syubhat*' (doubtful) (al-Ghazali, 1996). The limit of human's capacity to think and the freedom to do anything; both require them to have the necessary knowledge as guidance so that they do not derail from the path of Allah. In the context of knowledge and entrepreneurship, Imam Abu Hanifah was once asked the reason for relating the two. His answer was entrepreneurship is a noble deed as long as it is not exploited and free of greed. The possible explanation is that the activities done are still at the meeting point of two values which is according to word of Allah Almighty "*Allah allows sale and purchase but forbids usury*" (al-Shak'ah, 1991). Therefore, it is important for every entrepreneur to learn the basics and the law involved.

## iii. Worship (*Ibadah*) as the foundation

The concept of '*ibadah*' in Islam is different from other religions. When the purpose of life to voluntarily devote oneself to Allah Almighty, all actions should be resolutely done out of pure devotion that are in parallel with the universal plan of Allah Almighty (Muhammad Asad, 1982:19). Also, Islam has set several guidelines on '*ibadah*' such as prayer (al-Qur'an, 23:1-2), fasting (al-Qur'an, 2:183), zakat and hajj. These '*ibadah*' are the main factors for a better and quality life. Therefore, entrepreneurship has become an '*ibadah*' that is blessed by Allah and that the wealth gained is not '*istidraj*' as what had happened to Qarun.

## iv. Friendship (*Silat al-Rahm*)

The different characteristics of God's creations are due to the '*Rububiyyah*' of Allah. Human beings by nature differ from one another in terms of many aspects such as physical traits, knowledge and profession. The differences produce different result or product. Therefore, mankind should appreciate this unique feature and should not be self-centred or work alone. They need to cooperate and respect each other in fulfilling the needs of the society. A successful businessman owes the consumers who spend their money whereas a content consumer owes the businessmen who act as the intermediary. Thus, both sides need to be responsible and rely on each other as not to cause any imbalance in the cycle of life (al-Qur'an, 17:7). The Prophet SAW states that: "*Foster closer relationship for long life and increase in prosperity*" (Hadith narrated by Bukhari and Muslim). Ibn Hajar (1989) explains that the meaning of 'increase in prosperity' above is to gain blessing

whereas 'long life' means a healthy body. Bonding is considered as an act of charity and a good deed helps in increasing one's wealth.

#### v. Voluntary Charity (*Sadaqah*)

It is difficult to avoid problems such as swindling and businesses are more prone in accumulating profit through the price difference between the purchase and sell (Ibn Khaldun, t.t). One of the recommended methods by Islam to counter these problems is giving '*sadaqah*' (al-Qur'an, 59:9) as a way to cleanse all doubts and mistakes (al-Qaradhawi, 2001). Qays Ibn Abu Gharzah reports that the Prophet SAW said: *"O company of merchants, unprofitable speech and swearing takes place in business dealings, so mix it with sadaqah"* (Hadith narrated by al-Tirmidhi). The call for cleansing with voluntary charity serves as '*kaffarah*' towards whatever happens in between such as lies. There is no limit in the amount of charity (al-Suyuti, 1992). The act is in line with the concept of '*infaq*' as those who love to give alms are already considered as successful (al-Qur'an, 59: 9). In fact, their prosperity will be increased too (al-Qur'an, 2: 276).

#### vi. Honesty

Honesty is the main criterion that the prophets and the pious need to demonstrate as it is the core of '*akhlaq*' and '*iman*' (faith) (al-Qur'an, 9:119; 61:2). It is also the most important principle as it affects other people. In the context of entrepreneurship, honesty is one of the bases towards receiving God's blessing for traders and buyers (al-Qur'an, 6: 152). Allah's Apostle, Muhammad SAW said: *"The seller and the buyer have the right to keep or return goods as long as they have not parted or till they part; and if both the parties spoke the truth and described the defects and qualities (of the goods), then they would be blessed in their transaction, and if they told lies or hid something, then the blessings of their transaction would be lost"* (Hadith narrated by al-Bukhari). In another incident, the Prophet Muhammad S.A.W. walked passed a food stall. He placed his hand underneath the food and felt something wet at the bottom. He then enquired the seller for the truth. The seller then admitted that the food at the bottom had been spoiled by rain. The Prophet SAW replied: *"Why didn't you place it on top so that people could see it, those who lie do not belong with me and my kind"* (Narrated by al-Muslim, 2000: 695). This demonstrates that Islam prohibits entrepreneurs from taking a shortcut to wealth by lying and selling defective and damaged items (al-Qur'an, 83: 1-3). They are also prohibited to swear in order to lie. The Prophet SAW, as narrated by Abi Bakr Ahmad (2000:415), states that: *"Allah SWT despises four types of people: a trader who swears, a poor who is arrogant, an elder who commits adultery and a cruel ruler"*.

#### vii. Trustworthy

Being trustworthy perfects the properties of honesty (al-Qaradhawi, 2001). Being trustworthy means to give the rights to the rightful owner and does not take more than what one entitles. It also means to not take what belongs to others in any form such as wages, rents or services. Allah Almighty has clearly stated that: *"Indeed, we offered the Trust to the heavens and the earth and the mountains, and they declined to bear it and feared it; but man [undertook to] bear it. Indeed, he was unjust and ignorant"* (al-Qur'an, 33:72). Muhammad Mahmud (t.t.) explains that the concept of trustworthy mentioned above is general. It can be divided into three parts which are being

trustworthy to God, self and people. The first part refers to performing the '*ibadah*' and follow the '*shariah*' as expected from every Muslim. The second part means making full use of the body that is given Allah SWT for good. As for the third, it means responsibility that covers the activity relating to '*muamalat*' with other people. In other words, the entrepreneurs or those who are simply working are trusted by Allah SWT to carry out what is expected of them and they will be judged on their actions in the hereafter. Trustworthy is also a very important element in working towards one's goal as without it, many social problems may arise involving the staff, the customers and even the stakeholders (Ab Aziz & Mohd Baharudin 2003). Therefore, when it is utilised properly, not only it helps to secure the business, but the blessings of Allah Almighty and beneficial reward as well.

#### viii. Patience (*Sabr*)

According to Muhammad 'Uthman (2001), whether in theory or practice, to successfully achieve most of the purpose of life in social, economy, politics and academics contexts, it requires a lot of time and patience. Patience is the foundation towards success as it serves as a training ground for people to instil determination especially for jobs that are difficult and risky. Therefore, patience and determination are related to the desire to achieve targeted goals. Meanwhile, Muhammad Mahmud (*t.t.*) defines a person that is determined to success as having the qualities of obeying the laws, avoiding thoughts and behaviour that can cause incitement, able to vividly picture an aim, visionary and having perfect plans. Islam does not only emphasise on individuals' effort to earn for a living, but Islam also stresses on the importance of constant effort and being patient in any job one is doing. There is a number of verses in the Koran (al-Qur'an, 24: 38; 11: 7; 18: 7,30) as well as Hadith that invite Muslims to work effortlessly for the happiness in life and the hereafter, planning before doing any work (al-Qur'an, 59: 14), using time wisely especially from beginning of the day (al-Qur'an, 103: 1-3), doing the best (al-Qur'an, 67: 2) and being competitive for success in life (al-Qur'an, 2: 148).

#### Conclusion

The completeness of Islam covers the aspects of both worlds; the present and the hereafter. Therefore, Islam does not disregard either of the two and has carefully laid the foundations and the principles to bring out the best of both worlds. In a broader context, a human, whether as the servant of God or as the '*khalifah*', has only limited power and therefore only focuses on the implementation of the aspects that have been directed. The human beings just need to act as stated by the '*shariah*' so that their behaviours can be shaped according to the teachings of Islam without them being influenced by the society's economic and social changes. This is because humans do not have absolute power to determine the standards of right or wrong and are subjected to their creator, Allah Almighty. Consequently, the holistic Islamic economic system is capable in bringing thorough changes consistently in the field of entrepreneurship. Islamic entrepreneurship does not only just shaping the personality of an entrepreneur; it also educates others who are related. For example, the ban on alcohol does not only determine individual policy, but it also affects the public and the industrial policy of an Islamic country. Nevertheless, this system, which is universal, ought to be translated into the code of ethics so that it can be understood and practiced by the current and future generations.

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