

# Conceptual Framework of Business Ethics in Islam

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## Conceptual Framework of Business Ethics in Islam

### Abstract

This study explores a conceptual framework for business ethics deeply rooted in Islamic principles, aiming to provide a comprehensive guide for ethical conduct in the realm of commerce. Recognizing the Quran as a primary source, this framework integrates key Islamic teachings related to wealth, justice, and social responsibility, offering insights into the ethical considerations that underpin economic activities within the Islamic tradition. The conceptual framework presented in this study establishes a holistic understanding of business ethics in Islam, leveraging the Quran as a guiding source. By acknowledging the principles of justice, responsible wealth management, and social responsibility, the framework serves as a roadmap for businesses to navigate the ethical landscape. The study examines Quranic injunctions shaping ethical behavior in business by employing a qualitative research approach to comprehensively explore the conceptual framework of business ethics in Islam. Ultimately, this framework encourages a symbiotic relationship between economic prosperity and ethical considerations, fostering a just and compassionate business environment in line with Islamic values.

**Keywords:** Business Ethics, Quran, Islam, Economic,

### Introduction

In the realm of commerce, the integration of ethical principles is paramount for fostering a just and sustainable economic environment. The conceptual framework of business ethics is deeply rooted in Islamic principles, providing a comprehensive understanding of the moral imperatives that underpin economic activities within the Islamic tradition. Islamic ethics dictate that individuals engaged in commerce should view their roles as stewards of resources and conduct their affairs with a sense of responsibility towards both humanity and the environment. This stewardship extends beyond financial transactions to include ethical considerations in product quality, employee welfare, and environmental sustainability.

The growing significance of business ethics in the contemporary world is underscored by numerous historical cases of ethical violations in the business realm, resulting in adverse consequences. This heightened awareness of the repercussions of unethical behavior emphasizes the need for a strong ethical framework in the business sector. The relevance of Islamic ethical principles becomes particularly salient as they provide a moral compass to guide business conduct, contributing to a just and sustainable economic environment.<sup>1</sup> As global awareness of business ethics rises, the

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<sup>1</sup> El-Ashker, Ahmed. "Islamic Business Ethics and Corporate Social Responsibility." In Handbook of Research on Islamic Business Ethics, 1. Hershey, PA: IGI Global, 2018.

ethical foundations in Islam offer valuable insights for fostering responsible and ethical business practices.

### **Literature review**

#### **Ethics**

Ethos, which means "character" in Greek, is the root of the word ethics.<sup>2</sup> Morality and immorality, or good and wrong, are distinguished by ethics, which controls behavior. Ethics is referred to in Arabic as "akhlaq."<sup>3</sup> Terminologically, "Ethics is a study of right and wrong and of the morality of the choices individuals make. An ethical decision or action is right according to some standard of behavior."<sup>4</sup> Encyclopedia of Ethics defines ethics as "Ethics most often refers to a domain of inquiry, a discipline, in which matters of right and wrong, good and evil, virtue and vice, are systematically examined".<sup>5</sup>

The phrase "Khayr" (goodness), "Birr" (righteousness), "Qist" (equity), "Adl" (equilibrium and justice), "Haqq" (truth and right), "Ma'ruf" (known and approved), and "Taqwa" (piety) are some of the terms used by the Quran to characterize the idea of righteousness.<sup>6</sup> Thus ethics refers to the moral values of a person's life that govern or control his behaviour. It enables man to judge between good and bad deeds and choose the right path to live an ethical life.

#### **Business ethics**

Business ethics is a specialized study of moral right and wrong that concentrates on moral standards as they apply to business institutions, organizations, and behavior.<sup>7</sup>

Business ethics are "the principles and standards that determine acceptable conduct in a business organization. The acceptability of behavior in business is determined by customers, competitors, government regulators, as well as each individual's moral principles and values".<sup>8</sup>

Oxford Dictionary of Economics describes "Business ethics as a study of what standards businesses should observe in dealing with and above compliance with the letter of the law. This covers questions such as fair dealings with their labor force, customers, suppliers, and competitors, and the impact of their activities on the environment, public health, and animal welfare." Particularly difficult questions of business ethics arise in multinational firms, where practices such as gifts to officials, which are essential to do business at all in some countries, are regarded as criminal in others.<sup>9</sup>

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<sup>2</sup> Becker, Lawrence C., and Charlotte B. Becker, eds. *Encyclopedia of Ethics*. Vol. 1. New York: Garland Publishing, 2001. Pg 485

<sup>3</sup> Rafiee, B. *Ethics in Islam*. United Kingdom: Alhoda Publication, 2004. Pg 181

<sup>4</sup> Pride, William M. *Introduction to Business*. 10th ed. Southwestern, a part of Cengage Learning, 2010. Pg 67

<sup>5</sup> Becker, Lawrence C., and Charlotte B. Becker, eds. *Encyclopedia of Ethics*. 2nd ed. Vol. 1. New York: Routledge, 2001. Pg 170

<sup>6</sup> Fakhry, Majid. *Ethical Theories in Islam*. Leiden: E. J. Brill, 1991. Pg 12-13.

<sup>7</sup> Velasquez, Manuel G. *Business Ethics: Concepts and Cases*. New Delhi, India: PHI Learning Private Ltd, 2010. Pg 12.

<sup>8</sup> Ferrell, O. C., Geoffrey Hirt, and Linda Ferrell. *Business: A Changing World*. New York: McGraw-Hill Companies, 2008. Pg 38

<sup>9</sup> Black, John, et al. *Oxford Dictionary of Economics*. 3rd ed. Oxford: Oxford University Press, 2009. Pg 47

Ethics are not just significant in social interactions; they are also required of all business characters, including customers, employees, employers, and businessmen. All parties involved in business transactions must conduct morally.

### **Role of Ethics in Business**

The idea of rights, justice, and fairness of negotiations affecting its many stakeholders gives rise to the element of ethics and moral behavior in business. These interactions may be with workers, clients, vendors, dealers, etc. Therefore, the fundamental components of justice, fairness, compassion, and rights and duties form the basis of ethical standards.<sup>10</sup>

Trust and ethics are strongly intertwined; it's often argued that developing trust requires ethical behavior. Business efficacy and certainty are correlated with trust. Building and sustaining trust is the foundation of ethics, as it allows a firm to grow financially and uphold its positive reputation. An absence of morality would result in immoral behavior both personally and inside the company.

Ethics are vital in all facets of life, not just business. A society without ethics will eventually see its businesses fail.<sup>11</sup>

It is critical to understand that corporate ethics extend beyond compliance with the law. People who act ethically become more confident in their social and professional networks, which fosters harmony and trust in commercial relationships. Because those organizations are known in the business community for their unethical practices, building trust with them is extremely challenging.<sup>12</sup>

Thus, it may be concluded that corporate ethics are crucial. It facilitates the growth of an atmosphere of fairness and trust in the corporate worlds. Business is given a solid foundation by ethics, which eventually contributes to its success. If not, it would eventually lose its unique character in the market. A commitment to ethical practices goes beyond mere compliance with legal standards; it reflects a conscious effort to do what is morally right. Ethical conduct in business involves fairness, transparency, integrity, and accountability, creating an environment where trust can thrive. According to renowned business ethicist W. Michael Hoffman, ethical behavior contributes not only to the well-being of the company but also to its long-term success and reputation.<sup>13</sup> The role of ethics extends to customer satisfaction, employee engagement, and investor confidence. A study by the Ethic sphere Institute found that ethically responsible companies outperform their peers financially over the long term.<sup>14</sup> Moreover, ethical behavior is increasingly becoming a criterion for consumer choices, with socially conscious consumers favoring businesses that align with their values. Embracing ethics

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<sup>10</sup> Smarajit, K. M. *Ethics in Business and Corporate Governance*. New Delhi: Tata McGraw-Hill Education Private Ltd, 2010.Pg 25

<sup>11</sup> Fernando, A. C. *Business Ethics: An Indian Perspective*. India: Dorling Kindersley, 2009. Pg 8

<sup>12</sup> Jennings, M. M. *Business Ethics: Case Studies and Selected Readings*. 4th ed. Thomson South-Western, 2003.Pg 91

<sup>13</sup> Hoffman, W. M., R. Edward Frederick, and M. Neil Schwartz. *Business Ethics: Readings and Cases in Corporate Morality*. Hoboken, NJ: John Wiley & Sons, 2007. Pg 73

<sup>14</sup> Ethisphere. 2020 World's Most Ethical Companies.2020.Retrieved from <https://www.worldsmoethicalcompanies.com/honorees/>

in business is not just a moral imperative but a strategic necessity for building enduring relationships, enhancing brand equity, and contributing to the overall societal good.

### **Islamic worldview and Economic system**

Islam's economic system is based on the principle that Allah is the sole One, the sole Sustainer, and the Owner of everything in the Universe. He has bestowed to man the marvel of a creative intellect and offers amazing means of subsistence. He is the architect who has established many means of production and made it possible for man to support himself according to Islamic principles. All living things, including humans, are sustained and fed by Allah. Quran says: "Allah maketh the provision wide for whom He will of His bondmen, and straiteneth it for whom (He will) Lo! Allah is Aware of all things."<sup>15</sup> Allah informs men about His superiority over all the creatures, "O' mankind! Remember Allah's grace towards you! Is there any creator other than Allah Who provideth for you from the sky and the earth?"<sup>16</sup>

Although it's a widely held concept that everything—good or bad—occurs according to Allah's Will, this does not mean that man should passively wait for Allah to provide for his needs. Allah provides us with the knowledge to make better use of the resources He has abundantly placed throughout the cosmos. Every resource was created by Allah for the benefit and service of humanity, and it is up to us to make the most of them by employing them in ways that are compliant with the law. Allah encourages effort and states, "And that man hath only that for which he strives, and that his effort will be seen."<sup>17</sup>

The necessity of working hard to support one's family and oneself is another lesson imparted by the Prophet Muhammad (S.A.W.W). 'Ali (R.A) said, "A person came to the Prophet of Allah (peace be upon him) and asked: 'O Messenger of Allah: What type of earning is best?' The Prophet (S.A.W.W) said: 'A man's work with his hand and every business transaction which is approved, for Allah loves a believer who is a craftsman. A person who suffers pain to feed his dependents is like a person who fights in the cause of Allah, the Mighty and Glorious.'<sup>18</sup>

Islam's economic system encourages people to use any means necessary to support themselves while abstaining from abusing the rights and interests of others.

Man is the Vicegerent of Allah on earth. For humans to survive and grow, all of these elements are essential. Allah says, "See ye not how Allah hath made serviceable unto you whatsoever is in heavens and what so ever is in the earth and hath loaded you with His favors both without and within? Yet of mankind is he who disputed concerning Allah without knowledge or guidance or a Scripture giving light."<sup>19</sup>

Nothing that Allah has made is pointless or unproductive. It is his duty as an agent of Allah to carry out His purpose on earth. "Allah's will is a trust and as an agent of Allah, men will have to carry out this trust on behalf of Allah. An agent is always expected to behave as his master wants him to behave."<sup>20</sup>

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<sup>15</sup> Al- Quran 29 :62

<sup>16</sup> Al-Quran 33 :3

<sup>17</sup> Al- Quran 53 :390

<sup>18</sup> Al-Tabrizi, Waliuddin. Mishkat al-Masabih. Book: Business Transactions, hadith 2783 Translated by James Robson. Lahore: Sh. Muhammad Ashraf, 1963.

<sup>19</sup> Al-Quran 31:20

<sup>20</sup> Al-Quran 10 :14

Halal and Haram (Lawful and Unlawful): Islam's economic system established the idea of permissible and impermissible behavior while taking production and consumption into consideration. There will only be the production of goods that are legal, and in Islam, legal goods are those that are helpful and raise the standard of living for the community. Certain forms of income, including interest on loans, hoarding, gambling, bribery, commercial malpractices, extortion, speculating, and short weighing and short measurement, have been declared forbidden by Islam etc. Quran says, "And eat not up your property among yourselves in vanity, nor seek by it to gain the hearing of the judges that ye may knowingly devour a portion of the property of others wrongfully."<sup>21</sup>

### **Ethical Framework of Business in Islam**

The framework of Islamic ethics is extensive and multifaceted. It exhorts those who adhere to it to live virtuous lifestyles. The Quran and Sunnah place a strong emphasis on morals and ethics as a standard for all aspects of life, including business-related dealings. Justice and social responsibility are the two main focuses of the Islamic ethical philosophy. To organize these moral actions into a logical system, a fundamental component must be established. This philosophical underpinning of business ethics serves as the cornerstone for the business's social responsibility framework, which will address both the nature of the ethical component and its base.<sup>22</sup> The fundamental text of Islam's ethical philosophy is the Quran. The Quran provides guidelines, and Prophet Muhammad (S.A.W.W) demonstrates it practically through his Sunnah.

"And Verily, You (O Muhammad) are on an Exalted standard of character."<sup>23</sup> The cornerstones of morality are humility, honesty, pious and good deeds, and faith in Allah.

Pious people are those who live their lives in accordance with moral principles and encourage others to follow in their footsteps.<sup>24</sup> Quran says; "Ye are the best of peoples, evolved for mankind, enjoining what is right, forbidding what is wrong, and believing In Allah..."<sup>25</sup>

Islamic belief holds that the ultimate goal of life is to honor Allah by abiding by His will and therefore achieving both eternal victory in the Hereafter and peace in this world. Quran further says that an individual need to fulfill the obligations and trusts placed in him. It is expected of those in positions of trust, such as decision-makers, company managers, and homeowners, to uphold and carry out their responsibilities as best they can.<sup>26</sup> "O ye who believe! Fulfill (all) obligations..."<sup>27</sup>

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<sup>21</sup> Al-Quran 2 :188

<sup>22</sup> Akhter, M. Jawed. *Social Responsibility of Business: A Philosophical Framework in Islam*. ISBN 978-1-922069-28-3, 2013. Retrieved from:

[http://www.wbiworldconpro.com/uploads/london-conference2013/management/1373106865\\_438-Jawed.pdf](http://www.wbiworldconpro.com/uploads/london-conference2013/management/1373106865_438-Jawed.pdf).

<sup>23</sup> Al-Quran 68 :4

<sup>24</sup> A. H. Dar. (2010). *Islamic Economics*. Lahore: Ilmi Kitab Khana. p. 62.

<sup>25</sup> Al-Quran 3 :110

<sup>26</sup> Abdurrezak, A. H. "Revelation and Science: Islamic Ethics—An Outline of Its Principles and Scope." *Islamic Ethics* 1, no. 3 (2011): 125. Retrieved from:

[http://irep.iium.edu.my/18564/1/Islamic\\_Ethics..](http://irep.iium.edu.my/18564/1/Islamic_Ethics..)

<sup>27</sup> Al-Quran 5 :1

It provides the necessary instructions to turn a profit and protect the public from all forms of discrimination. Because corruption destroys life both here on Earth and in the Hereafter, the Quran prohibits Muslims from engaging in it. Quran ask to abstain from corruption and to engage in Ahsan, or doing good or better. "Do no mischief on the earth, after it hath been set in order, but call on Him with fear and longing (in your hearts): for the Mercy of Allah is (always) near to those who do good " <sup>28</sup>

### **1-Prohibition of Interest**

Quran explicitly prohibits usury or interest, promoting fairness and justice in economic transactions. In Surah Al-Baqarah, it is stated, "Those who consume interest cannot stand [on the Day of Resurrection] except as one stand who is being beaten by Satan into insanity. That is because they say, 'Trade is [just] like interest.' But Allah has permitted trade and has forbidden interest."<sup>29</sup> This prohibition aims to prevent the exploitation of the financially vulnerable and ensure economic activities are to be conducted with ethical considerations.

Quran also provides instructions regarding trade and commerce, informing its followers that while it is appropriate to make money through trade (Bai), engaging in usury-based business (Riba) is completely forbidden. "Allah hath permitted trade and forbidden usury." <sup>30</sup> Also, "O You who believe! be afraid of Allah and give up what remains (due to you) from Riba (usury) (from now onward), if You are (really) believers"<sup>31</sup> It is instructed not to partake in any interest-based transactions. "O You who believe! eat not Ribâ (usury) doubled and multiplied..." <sup>32</sup> Abdullah Ibn-e-Masud (R.A) narrated: "The Messenger of Allah (S.A.W) cursed the one who consumed Riba, and the one who charged it, those who witnessed it, and the one who recorded it."<sup>33</sup>

In Shariah, riba means "An addition, however slight, over and above the principal"<sup>34</sup>. At one place Prophet Muhammad(S.A.W) said: "Do not sell gold for gold, except like for like, and don't increase something of it upon something; don't sell silver unless like for like, and don't increase something of it upon something, and do not sell for ready money something to be given later."<sup>35</sup>

### **2-Honesty**

Honesty, a cornerstone of business ethics, serve as a fundamental principle that underpins trust and integrity in commercial interactions. In the realm of business, honesty goes beyond mere adherence to legal requirements; it entails a commitment to transparent and truthful communication, fair dealing, and ethical decision-making. As stated by renowned business ethicist Joseph Badaracco, honesty is not only about telling the truth but also about living the truth, fostering an environment where stakeholders

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<sup>28</sup> Al A'raaf:56

<sup>29</sup> Al-Quran 2 :275

<sup>30</sup> Al-Quran 2 :275

<sup>31</sup> Al-Quran 2 :278

<sup>32</sup> Al-Imran 3 :130

<sup>33</sup> At-Tirmidhi, M. ibn Isa. Jami At- Tirmidhi (vol. 3). Chapter no. 8. Hadith no. 1206. (Abu Khalil (USA), Trans.). Pg 22

<sup>34</sup> Siddique, S. H. Islamic Banking. Karachi: Royal Book Company, 1994.Pg 7

<sup>35</sup> Muslim ibn al-Hajjaj. Sahih Muslim. Translated by Abdul Hamid Siddiqui. Lahore: Islamic Book Service, 1976. Hadith no. 3845.

can rely on the accuracy and sincerity of business practices.<sup>36</sup> The significance of honesty in business ethics is reinforced by its positive impact on reputation, customer loyalty, and long-term success. By upholding the value of honesty, businesses contribute to the creation of a trustworthy and ethical marketplace, building relationships that extend beyond transactions.

In social and business contexts, Quran emphasizes the importance of honesty for all of its followers. Thus, the qualities that Muslims must possess include trust and honesty. In the context of business transactions, Islam places a strong emphasis on transparent and truthful dealings. Quran says “Those who are faithfully true to their Amanât (all the duties which Allâh has ordained, honesty, moral responsibility and trusts, etc.) and to their covenants.”<sup>37</sup>

### 3-Social Responsibility

Quran also promotes a culture of forgiveness and the moral principles of affection, charity, and tolerance. “Those who spend [in Allâh's Cause - deeds of charity, alms, etc.] In prosperity and adversity, who repress anger, and who Pardon men; Verily, Allâh loves Al-Muhsinûn (the good-doers).”<sup>38</sup>

Besides this, the Quran also uses the word business (*Tijarah*) in the sense of business of good deeds. “O ye who believe! shall I lead you to a bargain that will save you from a grievous Penalty? That ye believe In Allah and His Messenger, and that ye strive (your utmost) In the cause of Allah, with your property and your persons: that will be best for you if ye but knew!”<sup>39</sup> Quran places a strong emphasis on the responsible and ethical use of wealth, emphasizing social responsibility and the well-being of the broader community. Several Quranic verses and Hadiths underscore the significance of wealth as a trust (Amanah) and stress the ethical considerations associated with its acquisition, distribution, and utilization.

Quranic teachings advocate for the equitable distribution of wealth and emphasize the welfare of the broader community. Surah Al-Hashr mentions, "And what Allah restored to His Messenger from the people of the towns - it is for Allah and the Messenger and for [his] near relatives and orphans and the needy and the traveler - so that it will not be a perpetual distribution among the rich from among you."<sup>40</sup> This ayah illustrates the allocation of wealth to specific categories, including the needy and orphans, showcasing the social responsibility inherent in Islamic economic principles.

The Quran repeatedly mentions the concept of wealth as a trust from God. Surah Al-Baqarah states, "And do not consume one another's wealth unjustly or send it [in bribery] to the rulers in order [that they might aid] you [to] consume a portion of the wealth of the people in sin, while you know [it is unlawful]."<sup>41</sup> This ayah highlights the ethical responsibility associated with wealth, discouraging any unjust or exploitative practices.

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<sup>36</sup> Badaracco, Joseph L. *Defining Moments: When Managers Must Choose between Right and Right*. Boston: Harvard Business Review Press, 1997.

<sup>37</sup> Al-Mu'minuun:8

<sup>38</sup> Al-Imran 3 :134

<sup>39</sup> As-Saff: 10-11

<sup>40</sup> Al-Hashr:7

<sup>41</sup> Al-Quran 2 :188

Zakat exemplifies the commitment to social responsibility. Quran mentions in Surah Al-Baqarah; "The example of those who spend their wealth in the Way of Allah is like that of a grain of corn that sprouts seven ears, and in every ear there are a hundred grains. Thus Allah multiplies the action of whomsoever He wills."<sup>42</sup> This ayah not only emphasizes the act of giving but also suggests manifold rewards for those who engage in charitable activities.

Quranic teachings on the responsible and ethical use of wealth underscore the broader social responsibility that individuals and communities bear in economic matters. By framing wealth as a trust and emphasizing principles of justice, fairness, and charity, Islam promotes an economic system that prioritizes the well-being of society as a whole.

#### **4-Domain of Business Ethics in Islamic Framework**

In the economic realm of life, trade and the exchange of goods are fundamental. The trade of commodities completes the processes of wealth creation and consumption. Each and every member of society engages in the exchange of goods and services and is subject to both positive and negative consequences. Trade is mentioned in the Quran and the sayings of Prophet Muhammad (S.A.W.W) as a commendable, honorable, and fortunate form of livelihood. As a merchant by trade, the Prophet (S.A.W.) used to pasture sheep and inspired others to follow in his footsteps in order to make a living.<sup>43</sup>

Quran emphasizes obtaining halal and exhorts one to strive towards it. For the good deeds done in this life, one will be let into heaven. "That man can have nothing but what He strives for".<sup>44</sup>

Man has an ethical obligation to continuously enhance the effectiveness and standard of living as a vicegerent of Allah. To do this, he must cultivate moral principles in both his social and professional spheres. The Islamic ethical framework establishes what is right and wrong, ethical and immoral. It is transcendental and universal. The Quran outlines several moral obligations for Muslim businessmen to follow in the realm of commerce. It is said that only halal products ought to be bought or sold.<sup>45</sup>

So being a vicegerent of Allah, man must strive for the betterment of living standard according to the Shariah. To do so, Allah has blessed man with intellect, knowledge, and guidance to make him strive in a lawful way that is compatible with the Divine law. Islam encouraged mutual agreement and trust in business from both parties; buyer and seller or the business partners. As it is said, "O You who believe! eat not up Your property among yourselves unjustly except it is a trade amongst you, by mutual consent. and do not kill yourselves (nor kill one another). Surely, Allâh is Most Merciful to you."<sup>46</sup>

In this ayah, 'eat not up Your property among yourselves *unjustly*' means all the ways of earning which are prohibited in Shariah; Riba, Bribery, Speculation, Dishonesty, Hoarding and Usurpation, etc. This ayah prohibits a man from indulging in any prohibited way of earning. Instead, the believers should trade with each other

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<sup>42</sup> Al-Quran 2 : 267-273

<sup>43</sup> Leaman, Oliver, ed. The Quran: An Encyclopedia. New York: Routledge, 2006.Pg.417

<sup>44</sup> An-Najm:39

<sup>45</sup> Leaman, Oliver, ed. The Quran: An Encyclopedia .Pg.417

<sup>46</sup> Al-Quran 4 :29

through mutual consent. Also one should not do a transaction over a transaction that is already done with another party.

“O You who believe! betray not Allah and his Messenger, nor betray knowingly Your Amanat (things entrusted to you, and All the duties which Allâh has ordained for you)”<sup>47</sup>.

Prophet Muhammad (S.A.W.W) said; "The buyer and the seller have the option of canceling or confirming the bargain unless they separate, and if they spoke the truth and made clear the defects of the goods, then they would be blessed in their bargain, and if they tell lies and hid some facts, their bargain would be deprived of Allah's blessings."<sup>48</sup> Truthfulness, reliability, integrity, and honest dealings are among the values that the Quran emphasizes as being important in business interactions. The Quran emphasizes moral principles for keeping promises and honoring agreements. “O You who believe! fulfill (your) obligations. Lawful to You (for food) are all the beasts of cattle except that which will be announced to You (herein), game (also) being unlawful when You assume Ihrâm for Hajj or 'Umrah (pilgrimage). Verily, Allâh commands that which He wills.”<sup>49</sup>

Prophet Muhammad (S.A.W) 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."<sup>50</sup>

Prophet Muhammad (S.A.W.) declared that the recompense for an honest and truthful merchant would be as follows; "The truthful, trustworthy merchant is with the Prophets, the truthful, and the martyrs."<sup>51</sup>

Another aspect of the transaction in the Quran is that all kinds of business should be abandoned when prayer has been called. And right after prayer people should again disperse for their businesses.

“O ye who believe! when the call is proclaimed to prayer on Friday (the Day of Assembly), hasten earnestly to the remembrance of Allah, and leave off business (and traffic): that is best for you if ye but knew! And when the prayer is finished, then may ye disperse through the land, and seek of the bounty of Allah. And celebrate the praises of Allah often (and without stint): that ye may prosper.”<sup>52</sup>

To put it briefly, ethics is significant in our daily lives. It enables someone to recognize the proper course of action and the things they should avoid. The ethical framework addresses every facet of existence, ranging from social to financial. Business ethics foster a connection of trust between customers and businessmen as well as between employers and employees. It is essential to attain success in business. Quran and the Prophet Muhammad's (S.A.W) sunnah both clearly outline Islam's extremely

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<sup>47</sup> Al Anfaal:27

<sup>48</sup> Bukhari, Muhammad ibn Ismail. Sahih Bukhari. Translated by Dr. Muhammad Muhsin Khan. Riyadh: Darussalam, 1997. Hadith No. 2110.

<sup>49</sup> Al Maidah:1

<sup>50</sup> Sahih Bukhari. Hadith No. 2079

<sup>51</sup> Tirmidhi, Muhammad ibn Isa. Jami at-Tirmidhi. Translated by Abu Khaliyl. 4th ed. Riyadh: Darussalam, 2007. Hadith no.1130.

<sup>52</sup> Al-Jumma: 9-10

thorough code of ethics for business. Profitable commercial advancement and success in the hereafter can be attained by adhering to these moral principles.

### **Analysis and conclusion**

In the contemporary period, the importance of business ethics is paramount for several compelling reasons. Firstly, ethical conduct is integral to building and maintaining trust with a diverse array of stakeholders, including customers, investors, and employees. Trust is a cornerstone of successful business relationships, and organizations that prioritize ethical practices are more likely to establish credibility and inspire confidence. A study by the Edelman Trust Barometer emphasizes the critical role trust plays in business, revealing that 61% of respondents believe CEOs should take the lead on addressing societal issues and not wait for governments to impose change (Edelman Trust Barometer, 2021).<sup>53</sup> This underscores the contemporary expectation for businesses to operate ethically and contribute positively to society.

The complex and interconnected nature of the global business environment necessitates ethical considerations for long-term sustainability. Businesses are increasingly recognized for their social and environmental impacts, and ethical practices contribute to mitigating reputational risks. The World Economic Forum's Global Risks Report highlights that ethical and integrity risks are among the top concerns for businesses in the current global landscape.<sup>54</sup> Ethical decision-making is essential for navigating the complexities of an interconnected world and safeguarding organizational resilience.

In an era characterized by rapid technological advancements and information dissemination, ethical lapses can have immediate and far-reaching consequences. Social media and online platforms amplify the visibility of corporate behavior, making ethical considerations a central aspect of reputation management. A case in point is the rapid spread of information about corporate misconduct and the subsequent public backlash. Businesses that prioritize ethics not only avoid potential legal and financial repercussions but also proactively contribute to building a positive public image. As highlighted by the CFA Institute, maintaining ethical standards is crucial for fostering investor confidence and ensuring the long-term success of businesses.<sup>55</sup>

In conclusion, the contemporary period demands a heightened focus on business ethics due to its role in building trust, ensuring sustainability, and navigating the challenges of an interconnected world. The cited references underscore the relevance of ethics in addressing societal expectations, mitigating risks, and maintaining organizational resilience in the modern business landscape.

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<sup>53</sup> Edelman. Trust in Business: The New Essentials. 2021.

Retrieved from <https://www.edelman.com/trust/2021-trust-in-business>

<sup>54</sup>World Economic Forum. Global Risks Report 2021. Geneva: World Economic Forum, 2021.. Retrieved from [http://www3.weforum.org/docs/WEF\\_GRR\\_2021.pdf](http://www3.weforum.org/docs/WEF_GRR_2021.pdf)

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