ISLAMIC ETHICS, ISLAMIC LAW, AND THE PROPER MANAGERIAL BEHAVIOR

The paper is dedicated to two main issues, namely (1) the representation of general Islamic ethics, the analysis of its specific methodology of moral validation by referring to the Qur'an and Sunna, and its interconnectivity with the Islamic law – Shari’a, as well as to (2) presenting Islamic managerial ethics as a derivative from the general Islamic ethics when it comes to both building moral arguments and propagating the proper moral behavior by promoting moral virtues and normatively analyzing what is right and wrong in the particular business situation.

Among the used methods, there was content analysis, comparable analysis, inference, and the evolution of the normative theories. Then, the very Islam-specific confluence of ethics and law is discussed. These data are presented and analyzed as a required context for proper understanding of applied ethics in Islam, and in the case of this paper – Islamic managerial ethics.

Keywords: business ethics, Islam, Islamic ethics, management ethics, Shari’a law.

1. INTRODUCTION

It is a commonly acknowledged fact that cultural differences must be considered when doing business on the international level. Many stories are showing how a lack of awareness of those impedes or even precludes deals from happening. However, those differences may go much deeper than customs or habits and reach the very core of the peoples, i.e., their normative constitution. It is the case of Muslims and how their faith manifests in the rules and principles of their moral conduct as defined by Islam.

This paper has two primary goals. The first one is to show that Islamic ethics in general, and Islamic business and managerial ethics, in particular, are structurally different from the large majority of their western counterparts due to their specific validation method, i.e., constantly referring to the ultimate source of morals, the Holy Book of Islam – the Qur’an. The second – to concisely depict the essence of morally proper managerial behavior according to Islam.

The methods used to realize the first goal were the analytical representation of the fundamental sources of Islamic ethics, its interconnectivity with the Islamic law – Shari’a, and the specific moral validation methodology. Islamic managerial ethics served as an example demonstrating how the validation process functions. At the same time, this brief...
The paper is divided into four subject-matter sections. The first one is dedicated to the discussion of the sources of Islamic ethics, i.e., the Qur’an, the Sunnah, and the role of reason in moral inference. The subject of the second one is the historical development of ethical theories in Islam. Section three examines the interconnectivity of Islamic ethics and Islamic law, as well as the reasons for it. In the last part, Islamic managerial ethics is presented and discussed in the context of what it consists of and how it is methodologically different from other frameworks.

2. THE SOURCES OF ISLAMIC ETHICS

There is a long-lasting consensus among the scholars researching Islamic ethics and law that there are three fundamental sources of ethical and hence lawful conduct in Islam, namely, the Holy Book – the Qur’an, Sunnah, i.e., the model behavior of the Prophet Muhammad, and the reason, which task is to infer from the above two answers to questions that were not addressed during the lifetime of the Prophet.

The word “qur’an” is a verbal noun which etymological root is the Arabic verb qara’a stands for “to read.” “Qur’an” then literally means “reading” or “recitation.” Mohammad Kamali defines it as “the book containing the speech of God revealed to the Prophet Muhammad in Arabic and transmitted to us by conscious testimony” (Kamali, 2003).

Muslims believe that the Holy Book is a direct word of God inscribed in heaven and revealed piecemeal by Angel Gabriel over the period of over twenty years as a message for all humanity. It supersedes earlier Jewish and Christian scriptures, which in the eyes of Muslims, had become imperfect. The first revelation began in 610 CE when the Prophet Muhammad was meditating in the cave of Hira outside Makkah and ended with the death of the Prophet in 633 CE in Madinah (Goring, 1995).

The Qur’an consists of 114 Qur’anic chapters – surahs of different length, content and containing different teachings, injunctions, and principles. There are 86 Makkah surahs and 28 coming from the period after the Hijrah of the Prophet to Madinah. Each surah is made up of a number of statements – ayah. There are 6,218 ayah, 77,437 words, and 321,000 words in the Qur’an (Abdul-Raof, 2001).

The general purpose of the Qur’an is to call people to the right way of life, which is in accordance with reality revealed by God. The Book illuminates God’s true guidance, which has often been lost through man’s negligence and heedlessness or distorted by his wicked perversity (A’la Mawdudi, 2003).

As mentioned already, the Holy Book contains and actually is itself a revelation of the ultimate truth to humankind. What is necessary to understand Islam and its ethical conducts properly is to realize that the revelation of the Qur’an is not limited only to the sacred text, but it includes also casting the meaning into the heart of the Prophet or inspiring it in his mind and talking to the Prophet from behind a hijab (veil) (Abdul-Roaf, 2003). The above is the direct reason for the importance of the Prophet’s deeds, acting, and sayings, which record is embodied in the Sunnah, which is considered a revealed truth as well.

The first and ultimate source of Islamic ethics is naturally the Qur’an. In this sense, the Qur’an gives absolute answers to questions regarding the proper way of life for a Muslim person. As Kevin Reinhart points out, it should be recognized that the holy book of Muslims rallies Muslims to act rightly and reframes their moral knowledge in a context of retribution
and reward in this world, and judgment and subsequent punishment and reward in the next (Reinhart, 2001).

Traditionally the ethical content of the Qur’an has been divided into several categories according to their subject matter. The first category is dedicated to general principles that are, as Donaldson describes them, enunciated in the Qur’an to govern the conduct of the Prophet himself and all the believers. These principles are based on the initial assumption that Allah created both men and women and that He sees, hears, and knows everything they do (Donaldson, 1953). Thus, a good Muslim should exercise the general virtues revealed to him or her in the form of a habit. Among the general principles, one finds the imperatives to fulfill the duty to Allah, to be moderate, to forgive etc. The Qur’an also guides in the form of exhortations to particular virtues like humility, honesty, giving to the poor, kindness, etc., and condemnations of vices like boasting, blasphemy, or slander. Moreover, because Islam covers all spheres of life, there are also regulations for the Muslim community, i.e., social conduct, to be found in the Qur’an. How to deal with orphans, precede divorces, or justly perform the heritage cases – all of these are just examples of the moral, social manner defined on the pages of the holy book (Donaldson, 1953).

The word “sunnah”, according to Arabic lexicographers, means “away, course, rule, mode, or manner, of acting or conduct of life” (Azami, 1992). Its main connotation, however, is the model behavior of the Prophet Muhammad. Closely connected to the Sunnah is the term hadith, which general sense has evolved after the introduction of Islam into traditions reporting Prophet’s actions and sayings, or in other words, the narrations of the life of the Prophet.

Since in the Qur’an, one may find just a few concrete indications addressing the specific questions of everyday life, the example given by the Prophet has, so to say, completed the Qur’an in this respect and has become the second absolute source of correct Muslim morality. In other words, for devout Muslims, faith primarily means the ordering of their lives according to a conscious imitation of the action of the Prophet Muhammad. The Sunnah is commonly adopted as an indisputable part of the revelation.

George Hourani (1985) quite rightly claims that standards of conduct and character in any society are derived from several sources: from religious prescriptions, custom, model individuals such as prophets, parents, and friends, but also from the value decisions of everyone judge their own behavior for themselves and others in the future. Thus, reason inevitably is the third source of Islamic ethics. For, the richness of moral facts makes it impossible to solve every particular dilemma by referring only to the revelation, i.e., the Qur’an and sunnah.

The reason, Arabic ‘aql, was recognized by the Muslim thinkers as a capacity to understand the things of both natural and abstract nature. Human free will is that what distinguished them from animals. Moreover, the ‘aql mustafād – one of the recognized aspects of reason refers to the human’s intellect as a perfect gift from the Absolute, the “Dispenser of Forms” in the universe (Donaldson, 1953). In time, the relation between the scripture revelation and the reason/reality revelation within what should be a truthful Islam had become a subject of intense religious debates, which, in consequence, brought about certain divisions within the doctrine. According to Hourani, there are five different configurations of the amount of reason that is to be employed into the true and factual Islam, i.e., (1) revelation supplemented by independent reason (Abū Ḥanīfa and Mālik); (2) revelation supplemented by dependent reason (Shāfi‘i, Al-Ghazālī); (3) revelation alone
It should be recognized, however, that the above classification expresses relatively minor differences. The ultimate source of the creed for all of these approaches is the Qur’an and the Sunnah. The differences are due to interpretations in some quite limited cases.

3. HISTORICAL DEVELOPMENT OF ETHICAL THEORIES IN ISLAM

There is a well-established consensus among Islamic scholars that, historically speaking, Islamic ethics have gone through four basic phases, namely (1) scriptural morality, (2) theological ethics, (3) philosophical ethics, and (4) religious ethics.

Explaining the first phase of development of Muslim ethics, Fakhry (1994) rightly claims that any ethical theory presupposes an advanced stage of intellectual systematism and sophistication. Before the advent of Islamic theology and philosophy in the eighth and ninth century CE, such activity was virtually foreclosed. Of course, the early commentators of the Qur’an, the Mahaddithūn (Traditionists), and jurist engaged in analysis and interpretation, but this intellectual activity was closely linked to the direct revelation, i.e., the Qur’an and the Sunnah, and, as Fakhry further continues, lacked, on this account, the character of genuine dialectical or rational discourse, with its double imperative of coherence and comprehensiveness. What emerged as an outcome of these analyses and interpretations was rather a series of moral insights or reflections than an ethical theory in the strict sense (Fakhry, 1994).

The Qur’anic ethos is naturally a very vague and elusive concept that may be elucidated probably only by pointing at the central, very general principles and values promoted by the Holy Scripture. Hence, the general principles and values of the Qur’an presented here are certain abstractions from the particular incentives and rules expressed in the particular Qur’anic verses regarding virtuous or vicious life. One should also remember, as Reinhart (2001) rightly points out, that the categorical distinction between religion and ethics so significant for Western philosophical ethics is unnatural to the Qur’an. For this reason, virtuous Muslim conduct ought to be always considered and analyzed within the socio-religious imperatives of Islam.

The beginnings of creating a more sophisticated and complex moral creed took place in the eighth century CE when the Mutakalimūn (Islamic theologians) attempted to create a coherent theory or a comprehensive ethical system. Because these theories were ultimately grounded in the Qur’an and Traditions with heavy reliance on their categories and methods, they are labeled with the predicate “theological.” The two major protagonists of these theories were the Mu’tazilītes, who formulated the rationalistic Islamic ethical system with basic deontological presuppositions between the eighth and tenth centuries, and the Ash’arītes, who stood for a rigorous “voluntarist” system of morality, which did not reject the discursive methods of the philosophers altogether but remained thoroughly committed to the Qur’anic concept of omnipotent Deity, Who is the sole Creator and Lawgiver, as well as the ultimate source of being and goodness in the world (Fakhry, 1994).

The development of Islamic ethics kept progressing and evolving and entered its philosophical phase in the ninth CE. From the ninth century CE and beyond, many texts containing a lot of Greek ethical material were in circulation in the Islamic world. Yegane Shayegan argues (1996) that the movement of Greek thought eastwards resulted from two underlying forces: the Christianisation of the Roman Empire and the internationalization of
the Sassanian Empire. In the already catholic Roman Empire, the traditional Hellenistic philosophy was, generally speaking, banned. The Christian thinkers rejected the Platonic dialogues, especially in their Proclean interpretations. They were identified with pagan polytheism and thus unacceptable. The influence of Hellenistic philosophy, especially logic, on Islamic ethics was significant between the ninth and twelfth centuries. Seemingly, the undertaking of translating and critically reviewing Greek philosophy was more efficiently accomplished at a later period.

There are two philosophers, which especially deserve attention regarding their ethical though, namely, Al-Fārābī, and Ibn Sīnā.

Al-Fārābī’s conception of ethics is conditioned by a broad political viewpoint, which is partly Aristotelian and partly Platonic. Following this tradition, Al-Fārābī distinguished several powers of the soul, i.e., the nutritive, the sensitive, the imaginative, the concupiscent, and the rational. The latter possesses a characteristic ethical function because it is the power through which human being distinguishes between right and wrong actions (Fakhry, 1994). In other words, according to Al-Fārābī, the rules of conduct are taught by reason. As Donaldson puts it: “It is reason that decides, most fittingly, whether a thing is good or evil, for the highest virtue consists in knowledge” (1953). It seems that Al-Fārābī’s God bears many of the features of the Hellenistic Absolute.

Nevertheless, his idea of God perfectly coincides with the God of Islam. He is an absolutely good being full of wisdom, life, insight, might and will, beauty, excellence, and brightness. He is the first willing being and the first object of all desire. In the knowledge of this being, Al-Fārābī sees the end of philosophy and the ultimate source of human obligation consisting in rising, as far as human force permits it, into likeness with Allah (Donaldson, 1953).

Ibn Sīnā, known in the West better as Avicenna, is considered the most influential Arabic philosopher. In his philosophical system, one finds traces of Platonism, Aristotelianism, Neo-Platonism, Galenism, and Fārābīanism, and other Greek and Islamic ideas. However, as Inati demonstrates, his system is unique, and it cannot be said that it follows any of the above schools (Inati, 1996). According to some Islamic thinkers, Avicenna’s philosophy went too far from the Islamic ʿAqidah (creed). One of those critics was Al-Ghazālī, who made Avicenna’s system the main target of his Incoherence of Philosophers, mainly because of the philosopher’s retention of Aristotle’s doctrine of the world’s eternity inconsistent with his claim that God was the Creator of the universe. Al-Ghazālī argued further that Avicenna’s related affirmations of the necessity of causation and universality of God’s knowledge made miracles impossible and divine governance too impersonal to deserve the name (Goodman, 1999). Here again, the dispute comes down to the reason – revelation relation. Philosopher Avicenna naturally gives priority to the former.

The final form of Islamic ethics still in force is religious ethics that emerged as a particular reaction to the philosophical moral theories. In the reason-revelation dialectics so crucial for the formation of the proper ethical theory and conduct, religious systems favor revelation, which does not mean that they deny it. On the contrary, its significance is recognized but merely as a dependent supplement to the un concealed truth of the revelation.

Religious ethical theories, which gain their mature form in the eleventh century, are ultimately grounded in the Quranic conception of the human being and their position in the universe. These theories, as Hourani argues, differ somewhat from scriptural morality in that their protagonists had received the impact of Greek philosophy and Islamic theology. These systems derive from the experiences of their intellectual predecessors – they
incorporate the Quranic worldview, theological concepts, and philosophical categories. Thus, such a system of ethics emerges as the most complex and the most characteristically Islamic (Hourani, 1979).

4. THE CONFLUENCE OF ISLAMIC ETHICS AND ISLAMIC LAW

Both “shari’a” and “fiqh” have been loosely translated into English as “Islamic law”. These terms, however, are not synonymous in the Arabic language or within early Islamic scholarship. Fiqh, as Philips reports, literally means the true understanding of what is intended. It also has a technical jurisprudential meaning, namely, “the science of deducing Islamic laws from evidence found in the sources of Islamic law. By extension, it also means the body of Islamic laws so deduced” (Philips, 2003).

Shari’a, on the other hand, which literary denotes a waterhole where animals gather daily to drink or the straight path, technically refers to “the sum total of Islamic laws which were revealed to the Prophet Muhammad, and which are recorded in the Qur’an as well as deducible from the Prophet’s divinely guided lifestyle (called the Sunnah)” (Philips, 2003). The fundamental difference, hence, between the two is that the unchangeable Shari’a is the body of revealed laws both in the Qur’an and the Sunnah, while more fluid Fiqh is related to the human understanding and interpretation of the absolute divine law. Shari’a, by its nature, is rather general and lays down basic principles, while the laws of Fiqh tend to deal with more particular issues – they demonstrate how the general principles of Shari’a should be applied or implemented in given circumstances (Philips, 2003).

The Shari’a law possesses a very specific structure that differs significantly from the Western laic or canonical law systems. Its unique structure is determined by the general and constitutive feature of Islam, i.e., it covers and defines all domains of human reality. On this account, Muslims believe that Shari’a contains or is identical to the natural law. Islamic law is applied to every issue concerning both human relation with Allah and human relation towards other human beings. Moreover, the holiness of the Shari’a, as was mentioned already, makes it impossible for a man to modify it. One must not question the clear recommendations of the Qur’an or the Sunnah. There is no possibility to change the law. There is, however a room for human reason to interpret it and apply it to human practice. That exactly shows that the dynamism of human understanding is crucial and inescapable.

Shari’a is identified with the ideal code of behavior, and it has, in fact, a much broader scope and purpose than a simple legal system in the Western sense of the term. Fiqh not only regulates in meticulous detail the ritual practices of the faith and matters which could be classified as medical hygiene or social etiquette, but it is also, as Coulson demonstrates, a composite science of law and morality, whose exponents are the guardians of the Islamic conscience (Coulson, 2001). These fuqahā’ are jurists who are extensively knowledgeable in fiqh to give detailed evidence for their legal/moral claims regarding the given legal/moral dilemma in the ultimate sources, i.e., the Qur’an and the Sunnah (Kamali, 2003). In other words, there seems to be no actual distinction between moral and legal commands and prohibitions. As Coulson puts it: “all acts and relationships are measured by a scale of moral evaluation” (2001, p. 83), and thus, are expressed in ethical terms. There are five categories that are employed for the evaluation of all acts:

1. Obligatory acts (wājib), such as the duty to perform the ritual prayer, pay zakat, and practice fasting.
2. Recommended acts (*mandūb*), which are not considered obligatory, such as supererogatory acts of charity, kindness, prayer etc.

3. Permitted actions (*halāl*), regarding which the law adopts a neutral stance, that is, there is no expectation of reward or punishment for such acts.

4. Acts that are discouraged and regarded as reprehensible (*makrūh*) but not strictly forbidden; Muslim jurists differ about what actions to include under this category.

5. Actions that are categorically forbidden (*harām*), such as murder, adultery, blasphemy, theft, intoxication etc. (Nanji, 2005).

These categories, as Nanji continues, are set within a dual framework of obligation: toward God and society. In each instance, transgression is perceived in both legal and theological/moral terms as constituting a crime as well as a sin (Nanji, 2005). This is probably the main difference between the western approach to ethics and law and the Islamic one. In other words, within the western framework, there are plenty of acts that are perceived as immoral but are not regulated by the law, like, e.g., adultery; in the Muslim world, at least in theory, such a discrepancy does not occur.

The above applies not only to the theory of Islamic ethics and general rules of conduct but also to particular branches of ethics, including business and managerial ethics and the individuals working in the field.

### 5. ISLAMIC MANAGERIAL ETHICS

Considering the rules for the proper conduct for Muslims within the business environment, a fundamental question comes to mind, namely how such an ethic should look like structurally, i.e., whether it should be just inferred from and built upon western business ethics by adding particular for the faith categories, or whether such ethic should be originally constructed and derived from Islamic ethics and Islamic law. Due to the methodological specificity of creating theological and ethical arguments in Islam, the latter is the case. Moreover, the vast majority of scholars researching and writing about business and management-related moral conduct in Islam employ referring to the Qur’an as the final and ultimate validation method. Furthermore, the fundamental principle of Tawhid – the oneness of God that is extrapolated into the oneness of all human activity under God’s commands demonstrates the need for creating divergent Islamic business and managerial ethics. When analyzing Islamic management practices, Salleh writes: “if we neglected to organize our life not according to the Sharia, we are losing. The fact is whatever work we do is worship” (2019). Badawi (2016) writes that the idea behind the Islamic moral conduct as defined by Islamic ethics and Sharia is to create a pious Islamic personality. In this respect, teaching is not very different from Aristotle’s virtue ethics.

The sources of virtues one should learn and practice in order to become a morally good manager are to be found in the Qur’an and could be extrapolated to fit the purpose of contemporary business practices, including the behavior of managers. Ogunbado and Umar (2019) created a list containing the characteristics of a good Muslim manager. The virtues such a person should possess are the following: trustworthiness and honesty, fairness, competence, accountability (*muhāsabah*), proper supervision (*murāqabah*), benevolence (*ihsan*), strong will and self-determination, and selflessness (Ogunbado, Umar, 2019).

However, it should be stated that Islamic managerial ethics is not limited to a list of virtues one should exercise. From a more general point of view, Islamic ethics is an extreme example of a deontological normative system – it is, after all, written down into a legal
system of Shari’a. In consequence, Islamic business and managerial ethics bear the same quality of sharply defined concepts of right and wrong by the Qur’an and the Sunnah, as well as, to a smaller extent, the traditional consensus regarding the cases not addressed by the first two ultimate sources of Islamic ethics.

The concepts of right (khair) and wrong (sharr) are well defined in Islam. Everything that is makrūh (reprehensible) and harām (forbidden) by the Qur’an and tradition is wrong; what is wājiib (obligatory), mandūb (recommended), and halāl (permitted) is considered to be right. Of course, the moral reality is complex and constantly changing, which also applies to managerial circumstances, and therefore things often are not so morally straightforward. By their nature, human beings, managers included, cannot avoid wrongdoing. Islam recognizes that fact and argues that the equilibrium or certain balance between right and wrong should be maintained (Abbas et al., 2012).

In order to depict the process of how particular characteristics or virtues are required for proper managerial attitude, I will analyze the feature of truthfulness and honesty as an example. The first step for any Islamic moral consideration is to look for clues or guidelines in the first and ultimate source of Islamic ethics, i.e., the Qur’an. Among many surahs dealing with the topic, there is one that stands out, namely surah As-Saf, where we read: “How despicable it is in the sight of Allah that you say what you do not do!” (Qur’an, 2021). It is clear that lying is either reprehensible or forbidden and hence wrong. There are, of course, many hadiths supporting that claim. Abbas et al., for example, refer to a Bukhari narration that reads: “When I enquired you what he (i.e., Muhammad) ordered you, you replied that he ordered you to establish the prayer, to speak the truth, to be chaste, to keep promises and to pay back trusts” (Abbas, et al., 2012). On that account, a good Muslim manager must not lie because it is wrong (makrūh or harām) and should adopt and exercise the virtue of truthfulness and honesty.

6. CONCLUSIONS

The paper’s goal was to present to the reader Islamic normative ethics as a general phenomenon and in its business, or more specifically, managerial application. The focus was given to a particular method of moral validation that is different from the majority of western normative theories. The basis of this characteristic is the Muslim belief that the Qur’an is the direct word of God and, therefore, it is the unquestioned and ultimate source of moral conduct. The same applies to the Sunnah – the collection of narrations of the holiest of men, according to Islam, the Prophet Muhammad.

Due to this structural difference on the general level, there are differences between applied ethics, including managerial ethics. Here, just like in reflecting and judging general dilemmas, the argumentation always begins with the Qur’an and the right and wrong how it defines them. Still, despite structural differences, the outcome in the form of virtues and deontological limitations defined for the morally proper managerial behavior does not differ much from the western findings and guidelines.

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