

Beyond Good Practices and Standards: An Islamic Framework of Sustainable Business Practices for Corporate Organisation

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Abstract

The aim of this paper is to explore why, how and when a business organisation may choose to go beyond good business practices and standards. In writing this article, the researcher sought to engage with modern secular insights about sustainable business practices for corporate organisations and to be in critical dialogue with those insights. The study addresses the questions of how can corporations develop into responsible moral agents and what effective framework can be used for sustainable business practices within an Islamic setting? It proposes to incorporate Islamic ethical principles such as ikhlās (sincerity), ‘ilm (knowledge), hikmah (wisdom), hilm (forbearance) and rifq (gentleness), sabr (patience), tawaadu’ (humility), qudwah (good example), husnul-Istimaa’ (good listening), shajaa’ah (courage), karam (generosity) into corporate business practices. This study is an effort to bring religion into our economic lives, which invariably means bringing religious ethics into what is supposed to be free of such values.

“Corporate governance is one of the most important failures behind the present financial crisis.” de Larosière Group (2009)

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1. Introduction

Since the publication of *The Social Responsibility of Business is to Increase its Profits* (Milton, 1970), business; economics; and management scholars have grappled with the idea of the aim of businesses and whether it solely should be based on profits. This concern led to the discussion on the social responsibilities of corporate organisations to their investors, employees, customers, and other individuals. It has also raised the question of, how corporate organizations (more precisely the managers of corporate organizations) conceive business and their responsibilities. This is important because the manner in which a corporate organization understands business and responsibilities will determine how they deal with their local host communities, the attention they give to their employees, their product safety, and other similar matters.

Over the last few decades, millions of individual business investors and stakeholders who have experienced significant reductions in the values of their investment portfolios can confirm the tremendous importance of trustworthy behavior. Financial markets lost much ground as a direct result of misleading statements and fraudulent accounting statements by analysts employed by highly respected investment corporate organizations. Instances like these have helped to teach a hard but important lesson: that a solid moral/ religio-spiritual foundation is necessary to our well-being as individuals and as a broader community with strong economic and moral interconnections. As a result, the climate of business seems to be open, once again, to discussion and action concerning moral matters. However, issues such as short-term expectations and global competition have also made it difficult for business managers to actually incorporate good and ethical behavior in the marketplace (Rae & Wong, 2009).

Numerous studies of the impact of Islamic business practices on corporate governance as well as society (e.g., Grais & Pellegrini, 2006; Baydoun & Willett, 2000; Chapra & Ahmed, 2002; Safieddine, 2009) tend to focus on the financial aspect. Another group of studies on Islam and business presents a general outlook of Islam on business (see for example Gambling & Karim, 1991; Ahmad, 1995; Beekun, 1996; Rice, 1999; Hasanuzzaman, 2003; Ahmed, 2008). Only a relative handful of studies (e.g., Lewis, 2005; Sourial, 2004; Shaikh, 1988) have examined the implication for Islamic business practices on corporate organizations, environment and society as a whole.

Insufficient information on the corporate and societal implications of Islamic business practices and standards is indeed a cause for concern because it is the sort

of moral and ethical dimension required for resolving stifling crisis currently plaguing corporate business world which invariably affects the society through creating social imbalance and injustice (Rice, 1999).

This paper dilates on the Islamic dimension to sustainable business practices for corporate organizations. The study shall, therefore, proceed as follows: describe the issues at stake when business and management scholars talk about good business practices and standards, identify the attributes necessary for the sustainability of corporate organizations, discuss in detail specific challenges corporate organizations are currently facing and how the Islamic Framework can help to mitigate the challenges.

2. Good Practices and Standards in Business from a Capitalists Perspective

In this section, we address how economist and business management scholars have explained what good business practices and standards are and should be for corporate organizations. Some scholars support the idea that the role and purpose of the corporation in society is to primarily seek to maximize profit for its shareholders while there are scholars who also maintain that beyond profit maximization for shareholders, corporations have the responsibility to serve other constituents and hold up broader social goals, even when these pursuits may sometimes reduce financial gain.

Milton (1970) argues that the primary duty of a corporation is to increase shareholders' wealth. He states that when managers of corporations act in what we might call a socially responsible manner that in one way or the other resulted in reduction of profits, they violate their trustee duties to the owners of the enterprise. This theory is now known as the Shareholder Wealth Model or Custodian of Wealth Model of social responsibility.

The role of corporate organizations in business has changed over the years. Corporate organizations do not only have to focus on profit, but also on social responsiveness (Robbins, 1996). French (1979) for instance, regards a corporation as a moral person, which invariably means it can be held accountable for what it does or does not do. Sheppard (1994) in following the line of thought of French discusses corporate character and the moral impetus directors of corporations should play in the moral upliftment of their corporate precinct. He states that if directors are found wanting in "develop[ing] a culture open to moral discussion they should be held responsible" (p. 151).

Furthermore, Lantos (2001) examines corporate social responsibility within four broad components, namely: economic, legal, altruistic and ethical responsibilities. He notes different roles corporate organizations play in business circle, ranging from profit making to community service. However, the main focus of Lantos's paper is the confusion that is generated when ethical, altruistic and strategic forms of corporate social responsibility are lumped together. It is important to note that in the area of altruistic corporate social responsibility he supports Milton (1970) that that should not be seen as a legitimate role of business. Lantos however, emphasis the importance of ethical duties and responsibilities of corporate organizations which he connects to what he calls "strategic CSR". This he believes is not only good for businesses, but also societies.

Similarly, Bénabou & Tirole (2010) in their article juxtaposes the individual and corporate organization in identifying a better alternative to persistent market and distributive failures within the business sector. Their argument is based on psychology and economics of prosocial behavior which they note often mirrors a mesh of altruism, material incentives, and social or self esteem concerns. They observe that society's expectation of corporate organizations can be divided broadly into three; "the adoption of a more long-term perspective, the delegated exercise of philanthropy on behalf of the stakeholders, and insider-initiated corporate philanthropy" (p. 19).

Sikka (2010) on the other hand, describes corporations' insincerity to their social responsibility. He examines the issue of organized tax avoidance by companies which has the tendency of negatively affecting a large number of stakeholders. Sikka calls for a closer look at corporate organizations' culture and practices which he portrays as having "gaps between corporate talk, decisions and action, or what may be characterized as organized hypocrisy" (p. 153). The effect of this "hypocrisy" is not however limited to just the society but also threatens the sustainability of the corporation. He emphasizes how corporations make promises of ethical and moral conduct, but found themselves in irresponsible situations. This is a contradiction in words and deeds which unavoidably often lead to negative outcomes. This shows that a comprehensive approach is required to tackle the challenges faced by corporate organizations. The solution lies in putting in place an effective framework for a sustainable business practice.

Against the above backdrop, idea of corporate organization focusing basically on increasing profits, provide stockholders with high returns on their investments, obey the law, and avoid deceptive business practices which I have termed in this paper 'the good business practices and standards' must be transcended. This is also

supported by the Islamic business module raised in this paper. What in practical terms does it mean for a corporate organization to conduct business within an Islamic framework of sustainable business practices? All these and much more will be discussed in this paper.

3. The Islamic Framework for Good Practices and Standards in Business

One of the fundamental issues when discussing Islamic perspective to good practices and standards in business is *Tawhid* (oneness of God). *Tawhid* is the source of all Islamic ethical principles and framework (Mohammed, 2013; Naqvi, 1981). Oneness or *Tawhid* also implies the liberation and reclamation of man's fundamental freedom from all human (man-made) and superhuman subjugations before his responsibility regarding Allah can be genuine and positive (Siddiqi, 1979). It is this responsibility, and its accompanying mission, which makes an uplifting state of mind towards the world of nature since man requires adequate assets to satisfy that mission and to remain by that dedication. The way in which man uses the assets around him ought to mirror his adherence to *Tawhid*. He is viewed as a disappointment on the off chance that he does not fulfill his main goal or abuses his assets which are all God-given.

The way to the business rationality of Islam lies in a man's association with God, His universe and His people. In the same way as other revealed religions is the ethical appeal to people to surrender themselves to the will of God. Islam goes past this admonishment and shows that all life is basically a unity since it likewise gives a practical approach to various aspects of human life in accordance to God's will. There ought to be oneness of thoughts and activities in a man's existence and consciousness (Asad, 1993). Therefore, Islam is just a program of life in line with the "laws of nature" declared by God. A clear connection between people is therefore recommended. This is the relationship of fellowship or sisterhood and fairness (Abu-Sulayman, 1976).

In conceiving the idea of an Islamic framework for sustainable business practices emphasis are placed on the noble qualities that Islam expects in humans such as; *ikhlas* (sincerity), *ilm* (knowledge), *hikmah* (wisdom), *hilm* (forbearance) and *rifq* (gentleness), *sabr* (patience), *tawaadu'* (humility), *qudwah* (good example), *husnul-Istimaa'* (good listening), *shajaa'ah* (courage), *karam* (generosity). These qualities are originally the qualities expected from one who calls people to what is good and forbids that which is evil or bad as listed by Jusoh (2014). In order for such callers to be successful in their endeavor they are expected to imbibe these qualities. This paper highlight these qualities to bear on the sustainable business practices since

business are also engaged in a form of 'calling' i.e. they want more people to buy or use their product and for the businesses to grow and be sustainable. Hence, a corporate organization - by virtue of its vested interest and responsibility towards shareholders, customers, employees, suppliers, neighbors, regulatory bodies, and society at large - is required or expected to have the qualities mentioned above.

In addition, what is regarded as the Islamic framework in this paper alludes to French's (1979) postulation that corporation is a moral person. According to him, corporations have internal decision making structure, rules and policies which qualify them for moral agent status. These controls make them beings with intention having same responsibilities and rights as persons. French argues that a moral person is "the referent of any proper name or description that can be a non-eliminatable subject" of the second type. The first type being when someone or thing did something. The second type is along the line of accountability or having a responsibility to act or having a liability to answer. This implies the presence of some sort of authority or relationship tying them to the act over the other person. In other words, in placing corporations under this scheme, one must attribute their actions to the corporations themselves and not to the people that comprise them such as the execs, directors and CEOs. Besides, if we attribute the actions to the people that comprise the corporation then we cannot distinguish logically between the corporation and a mob (he refers to the mob as "an aggregate collectivity with no identity over and above that of the sum of the identities of its component membership"). The main question French attempts to answer in his essay are: Do corporations really cause events to happen through their employees, or do the employees actually cause the events? Does the corporation have a reason for its actions (like a person would)? These questions were answered through what is called Corporate Internal Decision (CID) concept and its managerial influence on its corporation employees. This led to the conclusion that a corporate structure is greater than the influences of its executives or directors since a corporation's aims go beyond the personal gains of its executives.

It is pertinent at this point to state clearly that although there is a general consensus among different societies and cultures about certain fundamental moral values. However, as a result of the knowledge from both sacred and expected sources, the Islamic ethical system substantially differs from those of others. One distinctive feature of morality from the Islamic point of view is its acknowledgment of eternal religious standards. In addition, the idea of a personal and moral autonomy is regarded as usurping God's own position as the judge of good and evil. It also cuts an individual off from the community of faith. In other words, goodness is not just an individual matter in Islam, the society is also has a duty to publicly uphold moral

behaviour and religious practice (Halstead, 2007). Moral advancement is, therefore, an effort towards the realization of these values, as opposed to a promise of an ethical universe determined rationalistically amongst individual and society. It is on the above basis that Islam prescribes a unified code of behavior – both individually and collectively, this code is equally applicable to corporations adhering to Islamic business precepts.

Now let us look at the qualities that a corporate organization must imbibe as a moral person:

Ikhlaṣ (Sincerity)

This is quality of being honest in expressing true or deep feelings. It is the ability to express strong feelings on good ideas that can benefit lots of people or in this case lots of stakeholders. This is needed in transactions of corporate organizations. It is to engage in business or trade that is lawful and aiming for good. Sincerity in Islam is linked to *Iman* (faith) and *Iman* as a lot to do with belief in Allah as well as acting upon what He enjoins and avoiding all He forbids. A sincere organization will not be too engrossed with care for its own particular needs but its concentration will also be centered towards achieving the common goals of the public and society. Lack of sincerity, from Islamic perspective, leads to acts or actions that are half-hearted, selfish and greedy. For instance, the Qurʾān says “. . . give full measure when you measure, and weigh with a balance that is true. . .” (17:35). This shows that Islam promotes the need to trade but not just trading only for trading sake it must also go along with certain level of sincerity of purpose.

ʿIlm (knowledge)

It is the ability to distinguish what is good from what is bad and the understanding of the environment one is dealing with. This is another way in which a corporate organisation can sustain its business. From Islamic point of view, knowledge is important to Muslims because they have to seriously guard their behavior, words and thoughts. Islam also instruct its adherents to observe certain norms and moral codes in all their affairs. Fulfilling these norms and moral codes requires knowledge. This requirement is also an important requirement for a sustainable business for corporate organisation since the organisation must know what good product are available and how good their product is or can be and how to improve upon it to make it better. To extend this point further, for corporate organisations, it is necessary that they possess the knowledge of what is good and bad of their products and services as well as the differences between their different products, and it is necessary to know the situation

they are appropriate to be used in order to guide those they will sell to or serve. This can also be linked to knowledge of the environment of the neighborhood the business serves. This will invariably lead to fair dealings in the social and public affairs within the community.

Hikmah (Wisdom)

It is the ability to say and do the right thing in the right way at the right time to the right person. It involves having a good sense of accumulated learning. The ability to make sensible decisions and judgements based on knowledge and experience. This can be described as right and balanced way of dealing with issues that affects the corporation. This idea can also be gleaned from the Prophet who is reported to have said “Leave what makes you doubt for things that do not make you doubt” (Tirmidhi, no. 2442). This has to do with soundness of decision, the excellence of mind, the rightness of opinion and the awareness of the subtle actions that can disrupt the organization if not dealt with appropriately. This can also be extended to the manner a corporate organization go about marketing and advertising its product and services. Corporate organizations must strive towards certainty based on wisdom.

Hilm (Forbearance) and Rifq (Gentleness)

This involves ability to refrain from actions that have negative consequences even when one has the legal right to act. It is also has to do with not responding to provocation. From the Islamic perspective, these concepts can be seen in the Prophet’s statement that “May Allah’s mercy be on him who is lenient in his buying, selling and in demanding back his money (or debts)” (Bukhari, no. 1934). This is needed by a corporate organization, especially when faced with opposition from defaulting customers. The Qur’ān in highlighting the importance of the quality says to Prophet Muhammad (and by implication to all Muslims): “It is part of the Mercy of Allah that thou dost deal gently with them. Wert thou severe or harsh-hearted, they would have broken away from thee, so pass over (their faults)” (Suratul Imran 3: 159). Since no corporation will like to loss its customers or people involved in sustaining the company, this quality is highly required. A corporate organisation can not succeed without imbibing the culture of forbearance and gentleness. In addition, Prophet Muhammad was reported to have said: Indeed gentleness does not enter into anything except it beautifies it, nor is it removed from anything except that it makes it ugly (Reported by Imam Muslim).

Sabr (Patience)

This is the capacity to wait or endure delays or provocations. It involves the capacity to persevere when faced with difficult situation. The Qur'ān says: "Be sure we shall test you with something of fear and hunger, some loss in goods or lives or the fruits (of your toil), but give glad tidings to those who patiently persevere" (Suratul Baqarah 2: 155). A business organization can not be sustained if there is no quality of patience when dealing with challenges. It also stated in the Qur'ān that "On no soul doth Allah place a burden greater than it can bear. It gets every good that it earns, and it suffers every ill that it earns" (Suratul Baqarah 2: 286). This quality is invaluable especially in a situation when there is need to wait for more information before a decision is made. Patience is required of those who wants to get as many people as possible to their sides. This is a quality required as a caller and this by extension can also benefit a corporate organization. This is because in doing business a corporation realises that there are quite a number of people that needs tremendous amount of proves in order for them to be convinced. This type of people, in a manner of speaking, will test the patience of the corporate organisation. A corporation that has imbibed the quality of patience will be able to maintain its ground and be willing to wait and keep trying in patience.

Tawaadu' (Humility)

This is the capacity to be modest and respectful in ones dealing. It encompasses the capacity to be persuasive and positive at the same time. A corporate organization that show elements of arrogance in its dealing can not be sustained in the long run. The Prophet is reported to have said "Allah has placed them (workers) under you. Those are your brothers. So, if anyone of you has someone under him, he should feed him out of what he himself eats, clothe him like what he himself puts on, and if that be the case, let him not put so much burden that he is not able to bear, then lend your help to him" (Bukhari, no. 2359). This is because no one will be interested in a corporate that tends to force itself or its views or way on others. It is also a way of building unique relationship between the organization and the consumers of their products and services. It helps to prevent the organization from behaving in a harmful way toward those they deal with.

Qudwah (Good example)

This is the ability to be a representative of virtue and having the typical features of all that is good. It concerns the capacity to be in words and deeds a model to be

copied. The idea of showing good example is also encourage in Islam. A corporate organization that wants its business to be sustainable must at all times show good example for others to follow. This good example will go a long way in making those having dealings with the organisation to be loyal and dedicated. It must be willing to be a model for the people they serve and working towards all that bring good to them. The Qur'ān chastise those who do not show good example thus: O you who believe! Why say ye that which ye do not? Grievously hateful is it in the sight of Allah that ye say that which ye do not (*Suratul Saff* 61: 2-3).

Husnul- Istimaa' (Good listening)

This encompasses the capacity to have good reception and been comfortable in discussions. It means the ability to show sensitivity to others points of view. It concerns the ability to accurately understand what is been said and willingness to ask for clarification when the message in not understood. Good listening is a very pertinent quality that a corporate organization requires. In order for the organization to grow and be sustainable, it must be attentive to the needs and feelings as well as the complaints of shareholders, employees, neighbors, suppliers and all stakeholders in general. This is a major way in which the organization can better improve itself and best serve the community. This is because without understanding what the stakeholders want the corporation can not be sustainable. From the Islamic perspective, the idea of listening can be glined from a report that Prophet Muhammad (may peace be upon him) asked 'Abdullah b. Mas'ud to recite to him (the Qur'ān). He said: Should I recite it to you while it has been sent down or revealed to you? He (the Holy Prophet) said: I love to hear it from someone else. So he ('Abdullah b. Mas'ud) recited to him (from the beginning of Surat al Nisa' up to the verse:" How shall then it be when We bring from every people a witness and bring you as a witness against them?" He (the Holy Prophet) wept (on listening to it) (Sahih Muslim).

Shajaa'ah (Courage)

It is the ability to face difficulty, uncertainty and danger. It also concern the ability to endure pain without being overwhelmed by fear or change the course of a chosen decision. This is a quality that is encouraged in Islam, for instance, the Prophet was reputed to have said: "The seller and the buyer have the right to keep or return the 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" (Bukhari, no: 1937). From this hadith, we can

deduce the importance of courage in business transactions. Courage is also required in following through a decision that is right and might be a bit uncomfortable or might lead to loss of profit. It is needed in order to achieve at times long term goal. Courage is the strength that the corporation must show internally and externally to be sustainable. A corporation can through this quality create a supportive (in the sense of willing to struggle, coach, advise and encourage) climate that inspires others to excellence.

Karam (Generosity)

Generosity is the willingness to give money, help or even give time to a noble cause. It also concerns the capacity to even-handed, showing no favoritism or bias against stakeholders. From an Islamic point of view, this concept can be deduced from the statement of the Prophet that “I will be foe to three persons on the Day of Judgement one of them being the one who does not give him his due when he employs a person who has accomplished his duty” (Bukhari, no. 2109). The Prophet also said: “The wages of the labourers must be paid to him before the sweat dries upon his body” (Ibn Majah, no. 2434). From these two statements of the Prophet we can infer that generosity can mean the ability and willingness to distribute rewards and recognition to stakeholders or team members. A corporate organization that does not have element of generosity in its dealing can not sustain itself. Generosity helps the organization to move and place its products and serves not just in the hands of the consumers but in their hearts. It helps an organisation to move away from qualities that can annihilate it such as cupidity, greed, shamelessness, impurity, extravagance, miserliness, ostentation, tendency to defame others or even competitors, preoccupation with useless endeavours, flattery, rejoicing in others misfortune and despising the poor.

3. Incorporating Islamic Framework for Sustainable Business into Practices of Corporate Organization

Askari, Iqbal, Krichene, & Mirakhor (2010) and Iqbal & Mirakhor (2011) in their discussion on the corporate governance mention reasons for recurrent financial crisis that we often experience in our contemporary time. Some of the reasons highlighted are: failure of market discipline, short-sighted approach, breach of trust, failure of board oversight, failure of risk controls, and deteriorating business ethics and values. They assert that “even the International Corporate Governance Network (ICGN) has argued that although corporate governance failures did not cause the financial crisis, they certainly aggravated it” (p. 344). Some of the corporate governance failures and

how Islamic framework for sustainable business practices can help will be discussed below:

1. **Failure of Market Discipline:** The financial crisis is said to have dealt a great blow to the widely held position that the invisible hand of the market would invariably make market players resolve conflicts through market discipline. This has been used to support the claim that there is no need to regulate the market. However, the realization that not only is the financial market information imperfect and deficient but that the market is being manipulated by market players for their personal interests. From the Islamic framework for sustainable business practice, concepts such as *Hikmah* and *Shajaa'ah* can best tackle this. Since what is needed is a robust enforcement plan that can help bring appropriate discipline and proper regulation of the market.
2. **Short-sighted Approach:** This has to do with the fact that corporate organizations are only interested in maximizing their share value. This has often led to failure to see the long term effect of some dealings (de Larosière et al., 2009). In addition, Shareholders' are also known to pressurize management to dish out higher dividends for investors. This invariably leads to a situation whereby to exceed expected quarterly earnings is standard for many corporate organizations. This can be countered from the Islamic sustainability framework with the idea of *Tawaadu'* and *Sabr*. These are qualities needed when faced with challenges that are beyond one's control. However, it does not mean one has to be lethargic. But that the corporation realizes the situation it has found itself in and is willing to go about resolving it carefully and cautiously.
3. **Breach of Trust:** The financial crisis that is currently being experienced has affected the level of trust business executives, directors and CEOs of corporate organizations. This can be remedied with *Hikmah* (Wisdom), *Shajaa'ah*, and *Hilm* (Forbearance). These are ways in which trust can be nurtured. An organization that shows willingness to discern through *hikmah* and courage what is wrong in its activities which has affected the trust that stakeholders have in the organization will go a long way in achieving its business objectives. Corporate organizations must make stakeholders feel comfortable in addressing issues that boil down to trust and more importantly show sensitivity to stakeholders' points of view. The same also goes for forbearance. Corporate organizations need to understand that life is not an eternal bed of roses. There are bound to be knotty patches such as financial losses or even betrayal, but this does not give room for cutting corners thereby giving room to loss of the trust of those they (corporations) deal with. *Hikmah* (Wisdom), *Shajaa'ah* (Courage), and *Hilm* (Forbearance) are ways in which people's hearts can be

opened and trust can be strengthened. It can also lead to more good will for the organization, so that what needs to be done gets done quickly and effectively.

4. **Failure of Board Oversight:** This has to do with inability of some board members of corporate organizations to make appropriate policy and do a follow up. It is a situation in which board members do not simply do their job. This has even led to debates on the huge money being paid to some board members and whether they really worth such outrageous allowances. At times, failure of board oversight is a result of lack of timely intervention in some matters that needed to be prioritize. They have also been criticized for being too complacent and unable to prevent collapses. There are also issues of failure on strategy and oversight, misaligned or perverse incentives, empire building, conflicts of interest, weaknesses in internal controls, incompetence and fraud. The Islamic approach to solving this is the concept of *Qudwah* (Good example) and *‘Ilm* (Knowledge). Corporate organization should show exemplary character in their dealings. This can be done through being persuasive and positive and can it also counter the issue of board oversight. In showing good example and knowledge through a persuasive and positive outlook, corporations can sell their ideas and product effectively. In otherwords, by making their positions known in a well organized, clear and compelling manner; corporations and by extension board members of corporation will be respected as well as inspire enthusiasm among employees and other stakeholders.
5. **Failure of Risk Controls:** This is a situation in which little control is shown in safeguarding against excessive risk. Even when signs of trouble appears, senior managements are known to have judged it to be of little importance, apart from that, the information used in organizations can also play a major role in this. From the Islamic point of view of sustainable business practices the problem of risk control can best be tackled with the concept of *Hikmah* (Wisdom). This can be seen as the outstanding ability to anticipate potential problems and developing effective measures to correct them. The concept of wisdom as referred to in this paper is believed will lead to an effective risk control measure for corporate organization. This is in the sense that excessive risks can be checked immediately it is noticed and resolved before they become a serious issue.
6. **Deteriorating Business Ethics and Values:** This is a result of a decline in moral and ethical values in corporate organization. The management of these companies seem to be more interested in circumventing regulatory provisions and looking for allowances in the law rather than looking for what is the most appropriate thing to do. This is also a result of increasing love to show off personal empire rather than showing moral and ethical business leadership. A

counter measure to this is a combination of all the ethical precept highlighted on the Islamic framework; *Ikhlās* (sincerity), *‘Ilm* (knowledge), *Ḥikmah* (wisdom), *Hilm* (forbearance) and *Rifq* (gentleness), *Sabr* (patience), *Tawaadu’* (humility), *Qudwah* (good example), *Husnul-Istima’* (good listening), *Shajaa’ah* (courage), *Karam* (generosity). This is due to the seriousness of deterioration of business ethics and values. It does not only affect the corporation, but also various strata of the society. That is why the ethical values to solve it must touch both the external and the internal part of the problem. A combination of all these ethical precept will lead to a situation where all important decisions are taken carefully and methodically. The corporation will base decisions on relevant facts and input with consideration of long and short-range factors. The sensitivity of the organization to the impact of its decisions on other sections and on the organization as a whole will also be heightened. When the corporate organization decisions affect others, the corporation will solicit input and make effort to reduce any negative affects. This will invariably lead to wide acceptance and support for organization. Above all, the corporation will show clearly its understanding of its mission and the values by which it operates and that it is aware of how its mission and values is linked to the advancement of the society. The commitment and dedication of the corporation to these values will make it an excellent role model for those seeking to understand the values and how they impact day-to-day runnings and sustainability of the business organization.

7. Misaligned and Faulty Remuneration System: Remuneration and incentive systems have played a key role in influencing the financial institutions’ sensitivity to shocks and in developing unsustainable balance sheet positions. Where there is disparity and asymmetry in the levels of remuneration that is awarded, it often affect the financial health of firms. This problem can best be resolved through the concept of *Karam* (generosity) and *Ikhlās* (sincerity). These two concepts from the Islamic point of view have embedded in them the understanding and need for social justice and welfare. To this end, corporation organizations will do well when this understanding of social justice and welfare are ingrained in their system of remuneration. In other words, the inappropriate disparity in remuneration “is morally obscene, economically unjust, socially intolerable” and will ultimately lead to crisis. That is why through the concept of generosity and sincerity in remuneration corporate organization will also be seen as showing high moral and ethical conduct.

4. Conclusion

This paper examines the centrality of strong ethical values in building a sustainable business enterprise through an Islamic outlook. The paper scrutinizes what is often regarded as good business practices and draws on Islamic qualities of a caller – who calls to what is good and forbid what is evil - to move beyond it in an effort to understand how deep, engaging and socially rich Islamic practices to business are when it steps into the corporate world. This paper also reveals how bringing this Islamic approach as highlighted in this paper requires enormous will and dedication on corporate organizations.

To be precise, the message here is that improving the ethical climate of business from the Islamic tradition has much to contribute to sustainability of business. Although the corporate world may not be seen as Islamic and may not be willing to accept ethical concepts garbed in a faith-based language, many of the ethical constructs highlighted in this paper can also be conveyed in language that appeals to the broader marketplace. The goal is to encourage instilling values that are based soundly on the Islamic faith in corporate organization.

It must be emphasised that the aim is not to condemn profit-making but the narrow pursuit of profit should be avoided. Profit-making should be within a framework of what is right and balanced. As in all human pursuit, self-interest is a natural motivating force but self-interest has to be linked to the overall concept of good and justice. Reward for effort and suffering for failure in effort provide the best framework for human society and the economy. Islam acknowledges it and accepts it as a first principle for economic and social effort. But Islam also lays down a moral framework for effort, spelling out values and disvalues, what is desirable and what is reprehensible from a moral, spiritual, and social perspective. This is a way of slowly constructing an operational framework that is beyond good business practices and standard but also based on ethics, justice, and morality.

This study concludes that in order to have a sustainable business all sort of exploits or injustices are to be avoided by corporate organization. An Islamic framework for sustainable business practices for corporate organization encompass the interests of all stakeholders and management of corporations for the promotion of social justice and the avoidance of practices that involves greed, voracity, insatiability, self-indulgence, selfishness and rapacious abuse of resources. It encourages a strong commitment to all stakeholders of corporations and

transparency by board management in decision-making. Such a structure is important to the sustainability of any corporate organization.

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