

# Marketing Ethics in Islam: A Model Based Theoretical Study

Golam Mohiuddin<sup>1,\*</sup>, Shariful Haque<sup>2</sup>

<sup>1</sup>Faculty of Management and Human Resource Development, University Technology Malaysia, Johor, Malaysia

<sup>2</sup>Dept. of Business Administration, International Islamic University Chittagong, Bangladesh

**Abstract** This paper aims to critically analyze the conventional aspects of ethics and to find the loopholes of that while making a contrast with Islamic Ethics in the area of marketing. This is a conceptual paper fully based on theoretical analysis. The outcome of the research includes three models: Conventional Ethical Marketing and Islamic Ethical Marketing and Contingency Model of Ethical Decision Making in a Marketing Organization. There have the elements for Islamic Marketers to bring into their consideration while conducting their business in the market.

**Keywords** Ethics, Traditional Marketing Ethics, Islamic Marketing Ethics, Accountability

## 1. Introduction

Islam is a supreme package of guidance for all mankind. The players of an Islamic marketing system deal with dual objectives (a) Maximization of the profits and utilities, i.e. the welfare of this world (fil *Duniya*); (b) Maximization of the welfare of the hereafter (Wa Fil *A'khira*). As regards business, the saying of the Prophet (peace be up on him) is that a faithful and a trustworthy trader will be with Prophets, Martyrs, Siddiqins and the righteous people on the Day of resurrection. However, there is a general allegation that absence of exercise of Islamic values, norms, rules have created impediments in the way of healthy growth of marketing culture. During the day of ignorant marketing practices were corrupted by lack of ethical practices, by immorality and illegality. It is further argued that the marketing system of the pre-Islamic Arabia was characterized by the inhuman practices such as underweighting, in consisting pricing, domination of the producers. In this circumstances Allah (pbuh) sent revelations on Prophet Mohammad (pbuh) in the form of Al Quran which later on played universal historical role in bringing about emancipation of mankind including economic arena. There are ample similarities and dissimilarities between traditional ethical marketing business.

We know that the process of marketing implies product planning, buying, selling, and standardization; grading, financing, risk-taking and many other facilities. It also functions for the delivery of goods or services to the target

market by the producer or merchandiser. The teachings of Islam may help the marketer to accomplish these functions ethically so that the parties associated with the marketing process do not get victim of marketing manipulations [1]. By ethical marketing we mean the marketing process in which companies/business enterprises work out their policies, programs and strategies basing on marketing ethics and societal marketing objectives and philosophies to ensure their safe existence and long run prosperity in the changing and competitive business environment [2].

## 2. Objectives of the Study

The main objective of this study is to develop the conceptual framework of Islamic and Ethical marketing. The supporting specific objectives are:

- i. To define market and marketing their values in conventional and Islamic Perspective.
- ii. To compare traditional Marketing Ethics and Islamic Marketing Ethics with Model.
- iii. To give recommendation to the marketers so that they can use the model while conducting their business operations.
- iv. To present different models, like - ethical and unethical practices of marketing and contingency model of ethical decision making in a marketing organization.

## 3. Methodology of the Study

This is a theory based conceptual study. Only secondary data have been used to prepare this paper. Religious books: Holy Quran, and Sunnah (Prophet's tradition); Marketing Journals, Seminar proceedings have been gone through for the development of this paper. No empirical data have been

\* Corresponding author:  
islamicmanagement2010@gmail.com (Golam Mohiuddin)  
Published online at <http://journal.sapub.org/hrmr>  
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used.

#### 4. Market and Marketing: Conventional and Islamic Views

Market is an important and necessary institution for all human beings either they live in a barter economy or monetized economy. The highlights of the conventional market are the following:

- Maximization of profits and utility is the main objective of market participants;
- The price in a market is the result of an interaction between two parties: buyers and sellers. It is immaterial whether the price is morally and ethically sound.
- An exchange of goods and services is intended decision by the participants.

In Islamic point of view, market is not just the exchange of goods or services between the two parties- buyers and sellers. The participants of an Islamic market face dual objective: (i) Maximization of the profits and utilities in this world, i.e. the welfare of this world to very limited extent and in a balanced way i.e. too much material thought is discouraged in Islam. (ii) Maximization of welfare of the world hereafter (By gaining Heaven). In this context market is considered as an institution or a channel of attaining greater well-being for the mankind both herein and hereafter.

Market is, thus, a sanctified institution and it exhibits the following characteristics:

a) Production and consumption of goods and services in an Islamic market is not restricted at all; A participant of an Islamic market like buyer or seller is a slave of God, and is, thus, reverent and fearful of the divine command from Allah (SWT).

b) The consumption set in an Islamic market is not an unrestricted bundle of goods and services rather it consists of the bundle of goods and services that are strictly regulated and guided by the Islamic *Shariah* (Islamic Religious Law).

In Islamic market each participant should and must observe due measure during the delivery of goods. The violation of due measure is punishable by legal as well as Divine Law[3].

c) The seller in the Islamic Market is not entitled to cheat his counterpart by showing one kind of goods and then delivering another kind (inferior) of goods.

d) A seller is not entitled to engage in adulteration of food. Adulteration of food is an act of abomination and is a sin.

A market participant in Islam is prohibited to engage in an act of bribery in a mode of production a transaction[4]. Islam recognizes the spirit if self interest in its own domain.

#### 5. Definition and Philosophy of Islamic Marketing

Alom and Haque[5] provided a philosophy on which an analysis of Islamic Marketing is built. This philosophy is based on the basic motives of creation of mankind and the purpose of creation. Islam is the complete code of life[6]. In

Islam every aspects of human life must be according to the will of Allah. So In Islam, Marketing is not confined with buying and selling or telling and getting profit or about goods and services under any business. All activities and transactions are considered as worship in Islam[7] Islam is the way of life governed by rules and customs defined, explained and practices by Prophet Muhammad (pbuh). Even human nature and behavior is not against Islamic *Aqida*, *Shariah*, and *Akhlaq*. In addition to these, Islam set some dietary laws intended to enhance human well being which comes from Allah (SWT) (Ch. 5 Verse. 48). Depending on some basic assumptions, Islamic Marketing can be defined as:

*The process and strategy (Hikmah) of fulfilling need through Halal (Tayyibat) products and services with the mutual consent and welfare (Falah) of both parties i.e. buyers and sellers for the purpose of achieving material and spiritual wellbeing in the world here and the hereafter.*

#### 6. Islamic Viewpoint on Marketing Operations

The viewpoints of Islam regarding the various facets of marketing operations are noted below-

i) Islam has motivated people to get involved with various types of morally-acceptable business. The main focus of Islam is on the concept of fair-trade based on reasonable profit, proper weights and measures, storing of consumer goods by the marketer for a reasonable period of time and the sale of quality and safe products to the buyers. Prophet (pbuh) said- "The man stores products during scarcity in the market is a great sinner"[8].

ii) The market transactions in Islam are founded on the principles of social justice, equity, self-restraint and equitable relations among the parties concerned with a marketing process. The Holy Quran says: *Do not devour one another's property wrongfully, nor through it before the judges in order to devour a portion of others property sinfully and knowingly*[8]

iii) Islam has prohibited the acts of smuggling and black-marketing, deception of buyers through misrepresentation of facts, manipulations in marketing transactions, the sale of illegal food and interest-based trading operations. The Prophet (pbuh) endorsed the importance of legitimate ways of earning in the given words:

Asked 'what form of gain is the best?[the Prophet] said, 'A man's work with his hands, and every legitimate sale'[9]

This implies that the efforts of Islam aim at creating ethical behavior among the parties operating in the market place.

iv) Islam has instructed the people to make optimal utilization of available resources, reduce wastages at the micro and macro levels, and follow a realistic and just compensation policy and adherence to moral standards in dealing with employee's and creditors. These Islamic ideals provide the inputs of ethical marketing.

v) It has been advised by Hazrat Mohammad (SM) to perform business operations with utmost honesty for attaining success. The man of principle and integrity is the most respected person to Allah. He said-The truthful merchant[ is rewarded by being ranked] on the day of Resurrection with Prophets, veracious souls, martyrs and pious people[10] .

vi) Islam has imposed restrictions on speculative transaction and hoarding of goods by the marketers which aim at earning excessive profit through the exploitation of casual market opportunities. The forward selling of farm products during the early stage of production has also been prohibited by Islam. Prophet (SAW) said-“Don’t sell any food item before reaching your hand.”[11]. This indicates that the essence of Islamic way of marketing is rationality and fairness.

vii) The discharge of social responsibility by the marketer has been made mandatory in Islam through the provision of Zakat system.

viii) As regards merchandising it has been clearly instructed in Islam not get involved with the trading in anti-social, harmful or prohibited good for enjoying divine blessings. The Prophet(pbuh) is reported to have said:

A sale is a sale only if it is made through mutual consent[12] .ix)In respect of pricing, Islam has encouraged the marketer to adhere to the market-oriented competitive policy. Hazrat Mohammad (SM) has informed his followers that divine blessings will be available for a trader selling at a market price. Hazrat Umar(RA) said- “Either sell the product in market price or leave the market place”

x) Islamic teachings strongly stress the observance of ethical and moral code in human behavior including Marketing. Moral conducts and codes of ethics are repeatedly stressed throughout the Holy Quran. There are also pretty much teachings of the prophet Mohammad (SAW) which cover the area of Moral and ethical values. The Holy Quran Says:

*You are the best nation which has been raised up for mankind; You enjoin right conduct, forbid evil and believe in Allah*[13]

The Prophet (SAW) Says:

*I have been sent for the purpose of perfecting good morals*[14].

The above teachings of Islam reveal that Islamic ideology reinforces ethical marketing concept. Obviously, ethical marketing finds its roots in the Shariah law and demands that the marketer should try to achieve the firms' economic objectives within the framework of socially responsible and ethically- acceptable standards[15]

## 7. Ethical Norms and Values for Marketers

During the past decades, there is a growing realization among the members of a society in the developed and rapidly developing countries that many business enterprises often

become associated with unethical marketing practices to attain their economic objectives. Serving the markets with inferior and unsafe products, adopting manipulative pricing strategies, creating artificial scarcity in the market to derive unreasonable financial benefit through price increase, deceiving the consumers by means of misleading and exaggerated advertisements, contributing to environmental pollution are some of the glaring examples of unethical behavior of the marketers. So all the concerns of marketing realize develop ethical views of marketing activities. The following ethical views are quoted from American Marketing Association[16].

## 8. Statement of Ethics (American Marketing Association)

The American Marketing Association commits itself to promoting the highest standard of professional ethical norms and values for its members (practitioners, academics and students). Norms are established standards of conduct that are expected and maintained by society and/or professional organizations.

Marketers must bring the following norms in their considerations:

- a. Do no harm. b. Foster trust in the marketing system.
- b. Embrace ethical values.

### **Ethical Values**

- i. Honesty
- ii. Responsibility
- iii. Fairness

**Respect** – to acknowledge the basic human dignity of all stakeholders. To this end, we will:

- Value individual differences and avoid stereotyping customers or depicting demographic groups (e.g., gender, race, sexual orientation) in a negative or dehumanizing way.

- Listen to the needs of customers and make all reasonable efforts to monitor and improve their satisfaction on an ongoing basis, etc.

**Transparency** – to create a spirit of openness in marketing operations. To this end, we will:

- Strive to communicate clearly with all constituencies.
- Accept constructive criticism from customers and other stakeholders.

- Explain and take appropriate action regarding significant product or service risks, component substitutions or other foreseeable eventualities that could affect customers or their perception of the purchase decision.

**Citizenship** – to fulfill the economic, legal, philanthropic and societal responsibilities that serve stakeholders. To this end, we will:

- Strive to protect the ecological environment in the execution of marketing campaigns.

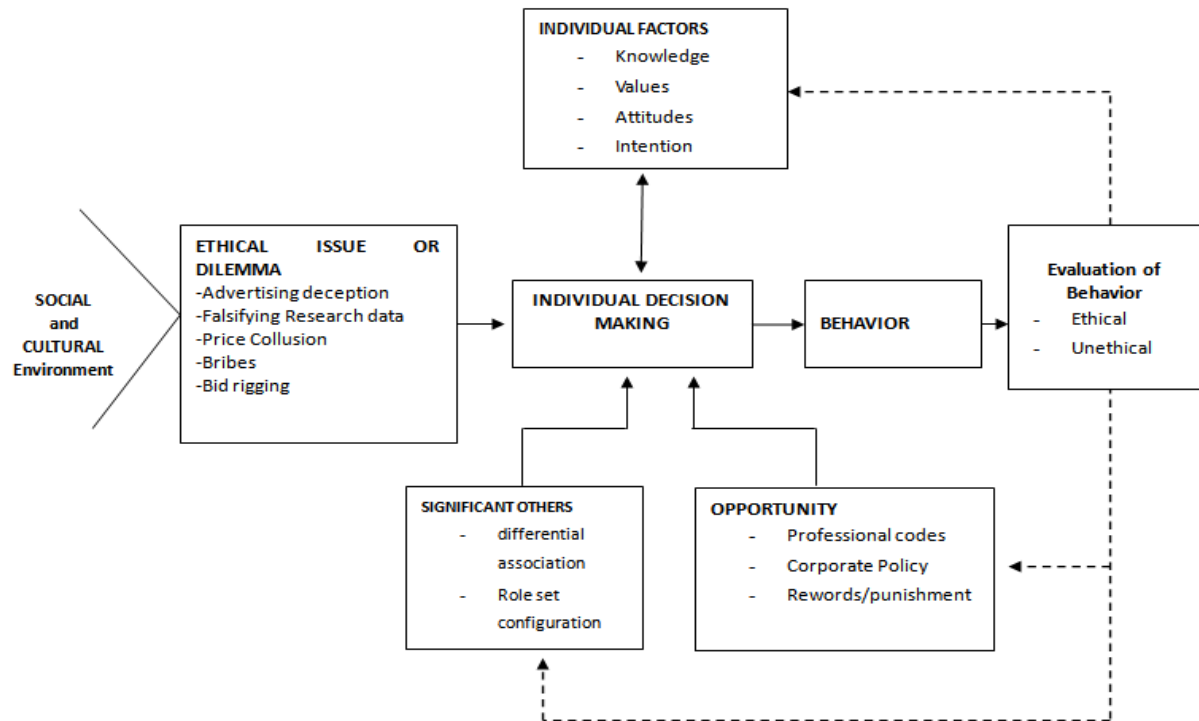
- Give back to the community through volunteerism and charitable donations.

Contribute to the overall betterment of marketing and its reputation.

## 9. Implementation

AMA members are expected to be courageous and proactive in leading and/or aiding their organizations in the fulfillment of the explicit and implicit promises made to those stakeholders. An array of such codes can be accessed through links on the AMA (American Marketing Association) Web site.

**Model: 1**



**Figure** Shows the Contingency Model of Ethical Decision Making in a Marketing Organization. Here it is depicted in different boxes on ethical issues, individual factors, behavior, and opportunity and how they are influencing on individual decision making and others are described.

## 10. Ethical Marketing

**A comparison between Traditional and Islamic Thoughts:** The concept of ethical marketing in traditional marketing thought is still in the process of development. The increasing demand from the consumers and government for compliance with ethical standards by the marketers has made ethical marketing more acceptable as a marketing model to the academics and professionals. On the other hand, the tenants of Islam lay the essence of ethical marketing. So, the development of ethical marketing will be in ease if wide-ranging research is undertaken on the relevant portion of Shariah laws. An attempt to compare between the traditional and Islamic thoughts on this burning issue is made below.

There are ample similarities between traditional ethical marketing concept and Islamic model of marketing operations. *First*, both-the systems are founded on similar

moral values like honesty, sincerity, fairness, justice and rationality. *Second*, both the traditional and Islamic models of ethical of both models of marketing may facilitate the creation of fair and just corporate image.

Nevertheless, the Islamic version of marketing can operate effectively in a country characterized by Islamic economics and where the society is based on strong moral values. Whereas, the traditional ethical marketing concept has evolved to protect the interests of the marketer and consumers within the framework of traditional society adhering to the ideals of interest based free-market economy.[17].

## 11. How We can Develop a Marketing Model Based on Islamic Ideology?

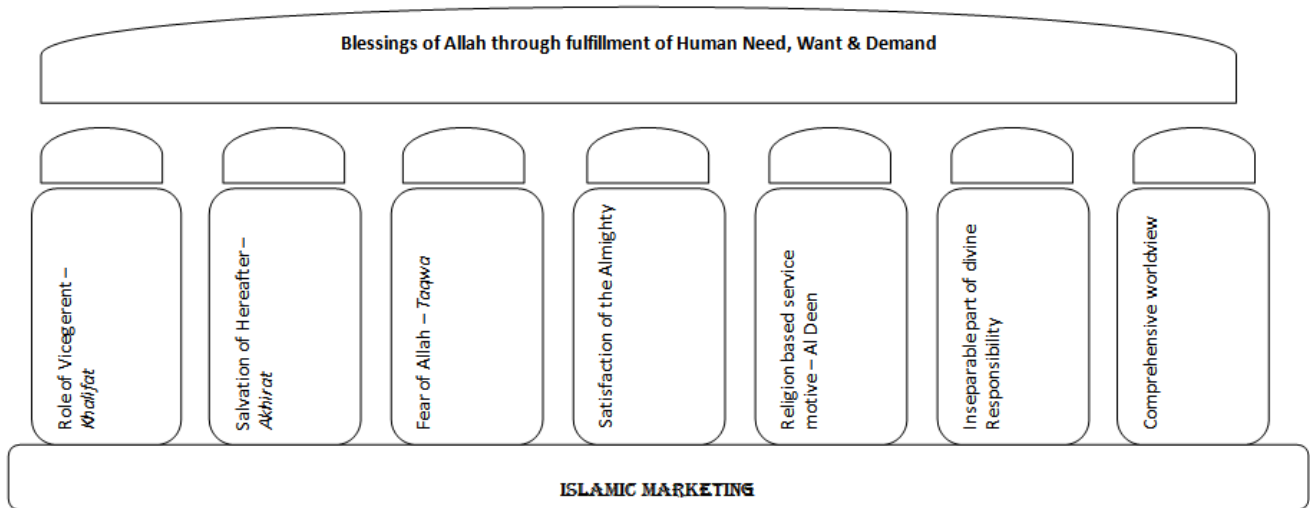
In modern days, marketing is a requisite task to cater to the various/multiple needs of the members of a society. Evidently, a beneficial role of marketing can help the people to lead a happy and decent standard of living. It appears that a marketing model based on Islamic principles may work practically in meeting the expectations of a society. It is true that Islam has laid down clear course of action to support the marketers in performing their concerned responsibilities. But

unfortunately, this branch of knowledge is yet to fully explore due to dearth of research by scholars in this field. Our academicians and professionals possessing Islamic knowledge should devote their time and energy to formulate the details of this model for the benefit of mankind[18].

Ethical marketing calls for a systematic and planned development on the ethical aspects of marketing operations.

The profit oriented manipulative marketing mentality of the enterprises needs to be changed for laying the foundation of ethical marketing. The following measures may help in developing ethical marketing: Devise codes of goods marketing practices for the industry groups and

#### Model: 2



#### Model: 3



#### Requirements for Developing Ethical Marketing

Above model shows the marketers work ultimately to satisfy the need of the society at large. From different quarter it receives some obligation to work ethically. But in case of Islamic Marketing Ethics the pressure is intrinsic and divine. Here the desire for reward (Entering into the Heaven)[19].

## 12. Conclusions

From the Islamic perspective, market is a sacred institution and marketing is not a value free concept. The nature of goods and services and their trading are defined by the Shariah. Market agents are duty bound to observe the 'Shariah Law' and to implement God's command and vision on this earth. Buyers and sellers do not face unrestricted bundle of goods and services. Agents of the market face dual objectives: (a) Maximization on of profit/utility, i.e. welfare in this world; (b) Maximization of success for the world hereafter, i.e. achievement of paradise. The present view of ethical marketing concepts are not contrast to Islamic way of marketing, rather these two views almost possess some attitude to wellbeing of the society by acceptable marketing practices.

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