

CULTURAL BUSINESS ETHICS FROM ISLAMIC BUSINESS MODEL AND CURRENT TRADING CHALLENGES

¹DR. SYED SHAMEEL AHMED QUADRI, ²SEEMA ZAHID, ³DR. IRAM SULTANA, ⁴AMBREEN KAMIL,
⁵SYEDHA SHARMEEN, ⁶GULZAMEEN KAMIL, ⁷DR. NASEEM MAHMOOD,

¹Assistant Professor, Political Science, University of Karachi, Pakistan

²M.Phil. Scholar, The Women University, Multan, Pakistan

³Assistant Professor, Department of Islamic Thought and Culture, National University of Modern Languages,
Islamabad, Pakistan

⁴Director C & B, SESSI, Karachi Pakistan

⁵Ph.D. Scholar, Department of Public Administration, University of Karachi, Pakistan

⁶Cooperative Teacher, Mass Communication, University of Karachi

⁷Department of Islamic Thought and Civilization, University of Management and Technology, Sialkot

Abstract

There can be no rule of law, societal reform, common interest, or economic growth without the practice of ethical business practices. Muslims in today's fast-paced business world face difficult choices and could benefit from a more refined understanding of the Islamic business model. The global financial crisis may have been avoided if business ethics were more prominent and practiced. For Islamic finance to live up to its claims of providing worldwide financial security and high standards of ethics, it must be reflected in all parts of behavior. This will lead to a more moral and spiritual society as a whole, and when this is combined with the creation of goods and services, it will further the Islamic way of life. From its beginning, Islam—a major religion in the world—prescribed necessary norms and principles for all aspects of life, including economic and business dealings. The goal of this study is to examine Islamic business ethics as a lens through which to examine cultural business practices. Current trading difficulties are also examined in this article. This article also delves into Islamic ideas on business, as well as the guiding principles and legal frameworks of Islam. The data used to explain the Islamic business model and ethics to help traders and businessmen succeed in the current challenging economic situations come from the Qur'an, Hadith, jurisprudence, biography of the Holy Prophet (PBUH), Islamic history, and quips of the companions of the Hazrat Muhammad (PBUH).

Keywords: Islamic business model, business ethics, Cultural business, Quran, Hadith, Current trading challenges

INTRODUCTION

Since the primary objective of doing business is to benefit customers, ethical considerations have gained prominence in the corporate world. Additionally, long-term owner value is greatly aided by a business climate that promotes ethics. (Musa, 2015). Therefore, businesspeople should conduct themselves in accordance with established norms. In this case, business ethics are at stake. It requires guidelines, standards, content, and regulations to function well. Business ethics deals with well-defined issues and adheres to established norms and procedures. Islam offers its unique perspective on economic matters. Detailed guidance in this regard can be found in both the Holy book of Allah, the Al-Quran and the Hadith. The Prophet (PBUH) established a system that is unprecedented in human history and is the finest in every area of life. In particular, the finest approach to eradicate social problems and the best financial system against the prevalent depravity of the economy were both developed by the Prophet (PBUH) (BULDAN, HAMID, SRIYANA, & TOHIRIN, 2021). The Prophet (PBUH) established foundational economic principles in this regard. The Khulafa-e-Rashideen established an Islamic business model based on these tenets. Trade, business, agriculture, and industrialization are all included, along with any other relevant information (Rice, 1999). The Muslim Ummah achieved both global recognition and economic success when its members adhered to the economic system's code of ethics in their business dealings. They were well aware that restoring

public trust in business would require doing what they said they would and telling the truth (Tlaiss, 2015). Furthermore, they believed that fairness and generosity reflect human nature. As long as Muslims maintained this code, they were held in high regard as merchants around the world. Sadly, businesspeople in Pakistan no longer adhere to the Islamic economy's fundamental values and code of conduct. That's why our economy is in shambles (Ariatin, Dhewanto, & Sudrajad, 2022). The people's backs have been broken by unemployment, poverty, and inflation. The increasing rise in unethical corporate practices has led to the adulteration of food and drink. Getting rich via stockpiling is not a bad thing to do (Nuseir & Ghandour, 2019). The pursuit of wealth leads to the use of faulty measuring tools. In addition, oaths and misleading statements are made to appease the buyer so that the product can be sold at a premium (DesJardins & McCall, 2014). Interest is now seen as a standard operating procedure. The corrupt exchange in which both parties are condemned to hell. It has permeated all levels of Pakistani society to the point where virtually every official, from the lowest rungs of the bureaucracy up to the ruling elite, participates in some capacity (Frith et al., 2021). Fraud, black marketeering, and shady profiting are unfortunately seen as necessary business abilities (Ferrell & Fraedrich, 2021). As a result of this, Muslims' image around the world has been tarnished. The current trading world faces challenges, and a strategy to promote corporate ethics is needed to help overcome them. The business principles of Islam should be disseminated in this context so that people can gain insight and understanding. The media's ability to inform the public is equally crucial. The media should contribute to newspapers by penning essays about ethical practises in the workplace. Religious leaders' social networks give them a great deal of influence. In addition, academic institutions are crucial to the growth of a nation's economy and scientific knowledge. Restructuring education curricula is another method for curbing economic immorality. State institutions play a crucial role and should pass legislation encouraging moral business practises.

RESEARCH METHODOLOGY

The literature and material employed in this qualitative study came from a wide variety of primary and secondary sources, including religious texts (the Quran and Ahadith), academic journals, dissertations and theses, working papers, and articles. Content analysis, a qualitative research standard for data analysis, was then applied to the collected information. This method of analysis is utilized to investigate and clarify claims made within written texts. It's a method of study that draws unbiased and methodical conclusions from a wide range of sources.

RESEARCH AIM

This study is aimed at highlighting the ongoing cultural business practices being followed. Also, business ethics have also been explored that are commonly followed in today's culture. In the literature, it is evident that business ethics have been compromised widely, as a result of which the corporate world is facing certain challenges. That is why this study has also shed some light on the current trading challenges. Islam is the religion of guidance for every department of life. Therefore, understanding and implementation of the Islamic business model have also been examined.

Business ethics from the Islamic business model

Religion has always positively shaped human civil and social identity. If the amazing power of religion in constructing a whole civilization is accepted, then religion may determine human society (Alanazi & Hassan, 2018). Religious culture saves lives. It also promotes entrepreneurship and civilization. Personal, and collective piety. Religious identity is complicated and encompasses faith, rites, practices, and historic, interpersonal, and cultural themes (Ali, 2015). Economic behavior is greatly influenced by religious beliefs and behavior. Thus, studying religious beliefs and behavior in relation to society's collective identity might reveal religious cultural elements' vast and effective significance (Musa, Sukor, Ismail, & Elias, 2020).

Islamic business models are rarely discussed. According to the Islamic business model, an organisation transforms its resources into something more (Hendratmi & Widayanti, 2017). Al-Quran and Ahadith contain Shariah-compliant business values such Tawheed (Oneness of Allah), integrity, social justice, liberty, accountability, actuality, balance, alongside mutual support (Suwandi & Abdullah,

2016). Unlike existing paradigms that are business-friendly, capitalist, and profit-driven (Nordin, Ahmad, Razif, Haron, & Samsuddin, 2022). It encourages materialism over spirituality (Beekun, 1996). The Prophet SAW practiced ethical business values like transparency, credibility, equity, courtesy, customer-friendliness, independent business engagement, a ban on usury (riba), exclusion of trading items that are prohibited, swearing to boost profits, banning of a monopoly, supplanting defective products, impeding price competition, consenting to inadequate revenues, paying for salaries on time, record-keeping of contracts, and empathetic behavior (Anggara & Faradisi, 2020). Using epistemological theory, business theology, and ethics, and Tawheed, abiding by laws of shariah, and ethical standards, a new business paradigm was created. Principles inherent to Islam's ethical framework give the structure for the kind of success and honesty in business that are essential to the religion (Algumzi, 2017).

Islamic law governs the universe. The concept of Islamic business model only applies when humans are closer to Allah. This religion links success to acts if done in conformity with Allah's will and surrendered to him. A person's consciousness and actions should be unified. *"And all of you hold firmly to the rope of Allah (i.e., the Qur'an) and don't create divisions among yourselves"* (Al-Quran, 3:103). *"So, make a firm strategy, then queue up (to compete). Whoever wins today will win"*. (Al-Quran, 20:64). The preceding Quranic verses naturally apply to business cooperation and behavior correction. The preceding Quranic verses naturally apply to business cooperation and behavior correction. To operate successfully in the market, business plan development is important. Allah teaches us that through teamwork and skill combination we readily succeed. Our Muslim-teaching connection supports these cooperative behaviours and alliances. Allah states, *"Indeed, believers are brothers (in Islam, i.e., they have this spiritual and physical bond). Thus, reconcile your brothers and fear Allah to get His mercy."* (Al-Quran, 49:10). One's ability to succeed in business is crucial. Therefore, it is crucial for a businessperson to learn what constitutes legal and illegal business practices. Earnings that are lawful (halal) will bring him good fortune in this life and the next, while those that are unlawful (haram) will bring him dishonor and disaster. *"Every Muslim has a responsibility to pursue knowledge, according to Islamic teachings"* (Sunan Ibn-e-Majah, vol. 1, No. 234); Therefore, one needs accurate knowledge of genuine business to succeed in the commercial world. Also, he needs to be mindful of halal earnings for his own and his community's benefit.

Current trading challenges

Every nation's economy currently operates under the same market conditions brought about by international commerce and investment, or more generally, globalisation. However, problems still exist. To be more explicit, the globe is currently confronting seven key barriers to international trade and investment.

Financial Conflict

It can also be referred to as "Economic warfare". Challenges to globalisation arise from societal division and competing interests. The Internet is fragmented, and wars are on the rise around the world. Major wealthy nations are expanding their spheres of influence. Therefore, there may be a reduction in the exchange of goods, services, and capital across international borders (Mulder, 2022).

Geo-politicization

Americanization can be seen as a component of globalization. The United States economy is still the standard-bearer of the global financial system and a global powerhouse. In addition, the information age encourages the dissemination of knowledge to the general public. It opens the door for citizens to demand more transparency and it forces autocrats to consider public opinion more carefully. As they progress, developing nations become increasingly resemble the United States (Dimitrova & Dragneva, 2022).

Nation-State Capitalism

In the final decades of the 20th century, the USA was a powerful nation. However, many countries are currently dominated by a sort of modern state capitalism. This breaks down the projected market uniformity brought on by internationalisation and gives down the projected market uniformity brought on by internationalisation and gives rise to entirely new market segments. Nothing concerning globalization or the United States is very prominent now (Gao & Zhou, 2022).



Inadequate Management

The pace of modernization will increase, while the influence of the U.S.-led international system will decline. The United States is too divided and embroiled in conflict to effectively lead the free world. Furthermore, no other nation has shown any desire to take its place. The West has its own issues, and its allies are just looking to limit their losses. As a result, capitalism is becoming muddled because there is no obvious path to its advancement (Yan et al., 2022).

Distribution of Power

Some growing nations, such as India, China, Turkey, Russia, and others, are becoming strong enough to undermine the US-led ideology of capitalism. However, coordination and authority are missing. They don't share the same beliefs or goals. Thus, we see the emergence of a regionalized global order. These power-hungry nations no longer promote the idea that Americanization and capitalism are the same thing or even that they are compatible (Singh & Dubey, 2022).

Weaker competitors

The global economy now gives more leeway to regional economic superpowers. While Germany is exerting tight control over the Eurozone, China is expanding rapidly in the Asia-Pacific, and Russia is invading its backyard. These superpowers are striving to consolidate their authority at the expense of their lesser neighbors. This trend could be described as a "hollowing of the peripherals." (Hicks, 2019)

Natural resource price swings

Conflicts and terrorist attacks are ripping the world apart at the same time that oil supremacy is weakening. When things are this chaotic, the entire definition of economic globalization becomes murky. Every major multinational corporation in the world is facing these time-sensitive problems. Even if the challenges don't appear to be going away anytime soon, multinational corporations now have the option of doing so. They might or might not adjust to the new norm, but the predominance of global crises has unquestionably increased their superiority and capacities (Luanglath, 2022).

Recommendations to counter the challenges.

Islam provides complete life instruction in all areas. It created a comprehensive economy. Shariah and morality are in place for this. These corporate ethics emphasize integrity, fairness, equity, empathy, philanthropy, devotion, fulfilling commitments, dedication, and truthfulness. Deception, stockpiling, ingenuine profit-taking, black marketing, theft, corruption, usury, lying, false oaths, and improper measurement hinder this Islamic economic system. These restrictions must be removed, and Islamic economic ideas promoted through practical means.

1. Islamic economics must be promoted to boost the nation's economy. Since the Islamic business system is just and protects everyone's moral and economic well-being. Islamic economics must be promoted to end the exploitative, dishonest economic system. Islamic economics is moral and civilized. It restricts haram, fraud, mischief, and quarrels between people and promotes honesty and trustworthiness.
2. National institutions are crucial to development. Businessmen, elites, and capitalists rule Pakistan. State institutions must combat business dishonesty. They should penalize economic cheating, deception, and corruption.
3. Universities help nations prosper. Pakistani universities excel in diverse disciplines, but commercial ethics have not been addressed. Most universities have economics departments and teachers, but business ethics is rarely taught. Thus, the Muslim Ummah lacks economic knowledge of Islam. University students should write essays on Islamic business principles. Professors' duties are equally crucial. They should emphasize morality together with the curriculum. The country will be ruled by these youthful heroes. Good economists with morals will lead revolutionary actions.
4. Religious leaders are respected and revered for their discourse about religion and the world. Ulamaa have close ties to society. They can fight business ills. Friday prayers draw many people. Discuss the Islamic business code at such events. Qur'an and Hadith lessons should be scheduled weekly or monthly. These lessons should highlight the Prophet's honesty, truthfulness, covenant fulfilment, justice, and kindness.


5. The media has promoted Islamic economic morality. To boost channel ratings, journalists should cover specific issues and promote Islamic economics. To instruct unethical businesspeople, hold a discussion broadcast on the Islamic standard of conduct. This gives young people the best chance to change their morals.

CONCLUDING REMARKS

Islam's business model is polite and ethical, promoting both. Integrity, dependability, and forthrightness are lauded in its guiding principles. A country experiencing financial wreckage is one that has abandoned the ethical foundations of the Islamic business teachings. It feels shame and hopelessness. Inequality, oppression, and the insecurity of human existence all flourish in such a culture. Furthermore, emotions, authenticity, and empathy diminish over time. Solving these issues is crucial for society's future development. It's important to devise a plan to advance the Islamic financial system. In this context, it is important to be honest about business and trade practices and provide thorough knowledge of core ethical concepts relevant to the industry. Without honesty, business and the economy will never thrive. No one involved in the business should mislead customers. The client deserves to have their day in court. It is important to instill fear in Allah and recognize when He is present. Financial stability can be restored by sticking to these principles. An active media presence, scholarly responsibilities, the critical nature of media personnel, the role of universities, the restructuring of curricula, and the continually evolving function of national institutions are all crucial in this regard. Workshops on Islamic teachings for businessmen linked with business organizations and economic activities conducted under the guidance of Shariah experts are important to ensure the implementation of Shariah.

REFERENCES

- [1] Alanazi, T. M., & Hassan, H. S. (2018). *Roles of Islamic Business Ethics in the Formation of Internal Organisational Culture: A Qualitative Approach of Muslims' SMEs in the UK*. *International Journal of Economics, Business and Management Studies*, 5(1), 16-30.
- [2] Algumzi, A. (2017). *The impact of Islamic culture on business ethics: Saudi Arabia and the practice of Wasta*. Lancaster University (United Kingdom).
- [3] Ali, A. J. (2015). *Handbook of research on Islamic business ethics*: Edward Elgar Publishing.
- [4] Anggara, F. S. A., & Faradisi, R. J. (2020). *Analysis of Islamic business ethics and its impact during the Covid19 pandemic*. *Al Tijarah*, 6(3), 115-120.
- [5] Ariatin, A., Dhewanto, W., & Sudrajad, O. Y. (2022). *Business Model in Islamic Business Unit: A Lesson from Islamic Boarding Schools in West Java*. *International Journal of Applied Business Research*, 32-49.
- [6] Beekun, R. I. (1996). *Islam and business ethics*. Herndon, VA: International Institute of Islamic Thought.
- [7] BULDAN, H., HAMID, E. S., SRIYANA, J., & TOHIRIN, A. (2021). *The role of Islamic business ethics and market condition on organizational performance*. *The Journal of Asian Finance, Economics and Business*, 8(1), 781-790.
- [8] DesJardins, J. R., & McCall, J. J. (2014). *Contemporary issues in business ethics*: Cengage Learning.
- [9] Dimitrova, A. L., & Dragneva, R. (2022). *How the EU-Ukraine Association Agreement and its Consequences Necessitated Adaptation and Drove Innovation in the EU*. *JCMS: Journal of Common Market Studies*.
- [10] Ferrell, O. C., & Fraedrich, J. (2021). *Business ethics: Ethical decision making and cases*: Cengage learning.
- [11] Frith, L., Draper, H., Fovargue, S., Baines, P., Redhead, C., & Chiumento, A. (2021). *Neither 'crisis light' nor 'business as usual': considering the distinctive ethical issues raised by the contingency and reset phases of a pandemic*. *The American Journal of Bioethics*, 21(8), 34-37.
- [12] Gao, H., & Zhou, W. (2022). *Between Market Economy and State Capitalism: China's State-owned Enterprises and the World Trading System*: Cambridge University Press.
- [13] Hendratmi, A., & Widayanti, M. A. (2017). *Business Model in Islamic Perspective: Practising of Baitul Maal Wattamwil (BMT) UGT Sidogiri East Java Indonesia*. *Journal of Management and Marketing Review*, 2(1), 43-52.
- [14] Hicks, S. V. (2019). *Nationalism, Globalism, and the Challenges to Universal Dialogue*. *Dialogue and Universalism*(1), 17-36.
- [15] Luanglath, I. (2022). *INFLATION: Challenges and Threats to Economic Growth in ASEAN*. *THE LIBERAL ARTS JOURNAL, MAHIDOL UNIVERSITY*, 5(2), 332-368.

- 
- [16] Mulder, N. (2022). *The Toll of Economic War. How Sanctions on Russia Will Upend the Global Order*. March, 22.
 - [17] Musa, M. A. (2015). *Islamic business ethics and finance: An exploratory study of Islamic banks in Malaysia. Ethics, Governance and Regulation in Islamic Finance*, 21(5), 45-60.
 - [18] Musa, M. A., Sukor, M. E. A., Ismail, M. N., & Elias, M. R. F. (2020). *Islamic business ethics and practices of Islamic banks: Perceptions of Islamic bank employees in Gulf cooperation countries and Malaysia. Journal of Islamic Accounting and Business Research*, 11(5), 1009-1031.
 - [19] Nordin, N., Ahmad, A. A., Razif, N. F. M., Haron, M. S., & Samsuddin, N. A. A. (2022). *Towards an Islamic Business Model in Malaysia: Why and How?*
 - [20] Nuseir, M. T., & Ghandour, A. (2019). *Ethical issues in modern business management. International Journal of Procurement Management*, 12(5), 592-605.
 - [21] Rice, G. (1999). *Islamic ethics and the implications for business. Journal of business ethics*, 18, 345-358.
 - [22] Singh, B., & Dubey, P. K. (2022). *Distributed power generation planning for distribution networks using electric vehicles: Systematic attention to challenges and opportunities. Journal of Energy Storage*, 48, 104030.
 - [23] Suwandi, M. H. M. S., & Abdullah, W. N. W. (2016). *Konsep Perniagaan Islam Kajian Al-Quran Dan Al-Sunnah. Jurnal Sultan Alauddin Sulaiman Shah*, 3(2), 72.
 - [24] Tlaiss, H. A. (2015). *How Islamic business ethics impact women entrepreneurs: Insights from four Arab Middle Eastern countries. Journal of business ethics*, 129, 859-877.
 - [25] Yan, S., Ling, X., Cao, T., Hu, S., Xiong, R., Ye, H., & Zhang, R. (2022). *Algorithmic Trading and Challenges on Retail Investors in Emerging Markets. Journal of Economics, Finance and Accounting Studies*, 4(3), 36-41.
 - [26] Al-Quran, 3:103
 - [27] Al-Quran, 20:64
 - [28] Al-Quran, 49:10
 - [29] Sunan Ibn-e-Majah, Vol. 1, No. 234