



Ethical Values In The Islamic Economy

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ABSTRACT

This research paper addresses the issue of moral values in the Islamic economy, by defining and deconstructing research terms, then focusing on the origins and stages of economic activity, to highlight the ethical values related to each stage, starting from the stage of ownership, then production, then exchange, then consumption, and finally distribution. Finally, let us conclude that the essence of the Islamic economy is based on a set of Islamic values and principles that guarantee its excellence, effectiveness, and success in solving our contemporary problems.

Keywords: Valuable; Ethics; Economy; Islam.

Introduction:

Praise be to Allah, the Lord of all worlds, and peace and blessings be upon the most noble of prophets and messengers, our Prophet Muhammad, his family, companions, and those who follow them until the Day of Judgment.

This is a humble contribution titled "Ethical Values in Islamic Economics," presented at the national seminar entitled "Values: an Interdisciplinary Approach," held at the Research Center for Islamic Sciences and Civilization in Ouargla, Algeria. Through this contribution, I aim to highlight the significance of ethical values in the Islamic economic system, elucidating their role in banking practices and their impact on various development sectors.

Significance of the Topic:

The importance of this topic lies in the necessity of ethical values within the framework of Islamic economics as a unique approach and method in dealing with development. It underscores the stark difference between the state of conventional economies, which prioritize profit and exploitation regardless of circumstances, and the Islamic economy, which prioritizes equitable profit-sharing while considering consumption patterns in various circumstances.

Problem Statement:

This research paper aims to address a central question concerning the value system and Islamic economics: What are the defining features of ethical values in Islamic economics?

Research Objectives:

The research aims to achieve the following:

1. Provide a comprehensive overview of the relationship between values, ethics, and Islamic economics.
2. Focus on key values and their impact on Islamic economics.
3. Present positive economic ideas stemming from Islamic banking and contemporary transactions.

Research Elements:

To address the aforementioned problem statement and achieve the research objectives, I will delve into the following elements:

Introduction:

1. Research Terms:

1.1 Concept of Values:

2.1 Concept of Ethics:

3.1 Relationship between Values and Ethics:

- 4.1 Islamic Economics:
- 2. Ethical Values in Economic Activity:
 - 1.2 Ethical Values Related to Ownership:
 - 2.2 Ethical Values Related to Production:
 - 3.2 Ethical Values Related to Exchange in Economics:
 - 4.2 Ethical Values Related to Consumption:
 - 5.2 Ethical Values Related to Distribution:
- Conclusion.

Research Terms:

It's well-known that before delving into the core of the subject, it's necessary to clarify some scientific terms related to the title of the contribution. For example, defining the concept of values, then the term ethics, and the concept of Islamic economics... etc.

1.1 Concept of Values:

In Arabic: Value It signifies determination and resolution. the author of the "assas Al-balagha" said: " The value is the stability and continuity of the matter"ⁱ.

In the terminology of researchers, there is a significant difference and clear variation in defining the term "values", and this is attributed to the diversity of sources and orientations, and sometimes to the various specializations. Each person looks from their own intellectual and doctrinal perspective. I will attempt to mention a definition that is comprehensive and useful, bringing together various perspectives from the standpoint of moderate Islamic thought.

The thinker and educational expert Ali Khalil Mustafa defines values as: "A set of standards and judgments stemming from fundamental conceptions about the universe, life, human beings, and God, as depicted by Islam. They are formed within individuals and societies through interaction with different life experiences and situations, enabling them to choose life goals and directions that align with their capabilities. These values are manifested through concerns or practical behavior both directly and indirectly"ⁱⁱ. Despite its verbose nature, this definition attempts to encompass all angles and perspectives with precise wording, thus being closer to accuracy. Moreover, it focuses on the principles and standards that guide individuals between the ugly and the beautiful.

2.1 Concept of Ethics:

In Arabicⁱⁱⁱ: Ethic is a term for human disposition and nature upon which they are created. which indicates the estimation of something, and meaning character; because the person is characterized by it.

As a term: In the view of Islam, ethics is a comprehensive collection that integrates its source, nature, social significance, and purpose. It combines God's intended purpose as expressed in His revelation to His prophets with the role of humans and their perspective in defining their duties towards ideal behavior.

Dr. Abdul Rahman Al-Midan states: "Ethics is a stable characteristic in the soul, either innate or acquired, with effects in behavior that can be either commendable or blameworthy"^{iv}. Abdul Wadud Makrum believes ethics to be: "A set of behavioral rules that determine human behavior and regulate it. Humans should adopt them intellectually and behaviorally in facing various social problems and ethical situations, which highlight the social significance of their behavior in line with the norms and prevailing social values."^v

It can also be said that ethics is: "A collection of principles and rules organizing human behavior, defined by revelation to regulate human life and determine its relationship with others in a way that achieves the purpose of existence in this world to the fullest extent."^{vi}. This definition is better than its predecessors as it derives Islamic ethics from revelation (the Quran and Sunnah) and relates it to the comprehensiveness of Islamic religion in various human issues.

3.1 Relationship between Values and Ethics:

The convergence between the concepts of values and ethics is evident. While the concept of values may have a broader connotation than ethics, if values are related to various aspects of life – some argue that there are inherent values related to the sense of responsibility and commitment alongside other values – we can hardly discern a difference between the two since ethics also relates to all aspects of human life, as it is inseparable from human life in all its facets.

It can be said that ethics is based on values for individual or social behavior, and ethical behavior is essentially a value-based action.

However, we should not overlook what ethicists have concluded while studying values, nor should we disregard the findings of educationalists who have focused on the study of values, as they clarify and elucidate aspects of ethics and their study. Therefore, our discussion will focus on moral values in the rest of this introduction, meaning those values related to human sense of commitment, responsibility, and recompense.

4.1 Islamic Economics:

Islamic economics is a compound term that combines the words "economics" and "Islam". These are two different terms. The term "economics" here, in terms of the Arabic language, refers to moderation and balance,

i.e., between extremes such as extravagance and parsimony. As for its contemporary usage, it often refers to financial policy and human conduct therein, aiming for the optimal utilization of financial resources. Consequently, this has become a worldly science known as: "a science related to studying human financial behaviors in daily life"^{vii}.

The term "Islamic" refers to the religion of Islam, meaning subject to the teachings and directives of Islam. Now, let's define this compound term, "Islamic Economics", according to specialists, who define it as: "a set of general economic principles derived from the Quran and Sunnah, where the economic structure established on these principles is adapted to each environment and era."^{viii}. From discussing this definition, we notice two important aspects: firstly, the divine directives that should be observed in every economic activity, and secondly, human experience for better utilization of human resources. Therefore, some researchers have chosen the following definition: "Islamic economics is the legitimate benefit from natural resources, their production, and their optimal utilization."^{ix}.

2. Economic Ethics:

Economic activity arises from a set of actions and efforts that each individual in society undertakes according to various functions and interests, in diverse fields such as agriculture, commerce, industry, and sometimes various services. All of this occurs through important stages called "Foundations of Economic Activity." Therefore, when studying the topic of ethical values, it is necessary to address them at each stage. These foundations are five: ownership, production, exchange, consumption, and distribution.

2.1 Ethical Values Related to Ownership:

Ownership, in general, is the acceptance of possessing something after utilizing its means. This activity is the first stage of economic activity, which entails rules of ownership, whether actual possession, declaration, or delegation. The Islamic economy derives its legitimacy from divine revelation, which combines managing worldly affairs with working for the Hereafter. Therefore, Islamic law includes many ethical values related to organizing the Islamic economy. These include the belief that the origin of ownership belongs to Allah alone, and humans are merely stewards.

Among the ethical values related to ownership are those concerning brotherly relations. For instance, it is impermissible for ownership to cause harm to others, as the Prophet Muhammad (peace be upon him) said: "There is to be no harm or reciprocating harm." Therefore, practices such as lying, cheating, betrayal, and fraudulent financial transactions are prohibited. Additionally, Islamic ethics dictate that all economic activities must be lawful and in accordance with Sharia principles. This includes commercial transactions such as the sale of gold, silver, currency exchange, and brokerage.

Furthermore, Islam prohibits the production of forbidden items and anything that causes harm to oneself, others, or the environment. The concept of prohibited actions in Islam extends beyond what is legally punishable and encompasses all that Allah has prohibited, whether known to others or not. Therefore, deception in such matters is considered more serious than the prohibited action itself.

2.2 Ethical Values Related to Production:

Islam has linked production with the firm belief that all creation returns to Allah Almighty, while emphasizing the necessity of taking necessary measures. It underscores that sustenance is in the hands of Allah, and poverty and wealth are determined by His decree. What is required is sincere and skillful work. There is no contradiction between wealth and asceticism; rather, the Prophet Muhammad (peace be upon him) said, "Asceticism in this world is not the prohibition of lawful things or squandering wealth, but asceticism in this world is not to have what is in your hands more secure than what is in the hand of Allah."^x. Al-Azz Ibn Abd al-Salam also said, "...Asceticism in something is the detachment of the heart from it, while desiring and being free from it. It does not necessitate having empty hands from it or the cessation of ownership. For indeed, the leader of the messengers and the role model of the ascetics died while having camels in his possession, the spoils of Khaybar, half of Wadi al-Qura, and his arrows from Khaybar, while Solomon possessed the whole earth, yet their preoccupation with Allah prevented them from being attached to all that they possessed."^{xi}.

Islam also links production with a set of noble ethical values such as truthfulness, trustworthiness, courage, moderation, justice, obedience, cooperation, piety, patience, self-reliance (after reliance on Allah), utilizing time to its fullest potential, refraining from cheating, deception, betrayal, and fraud, refraining from extravagance with entrusted wealth, safeguarding all trusts, and taking proactive initiatives while advising with truth and etiquette^{xii}.

In addition to these values, Islam prohibits the production of prohibited items and anything harmful to oneself, others (be it humans, animals, or the environment). The concept of "haram" (prohibited) in Islam is not confined to what falls under the purview of the law; rather, it encompasses everything that Allah has prohibited, whether known to others or not. Therefore, it is not permissible to circumvent it; rather, circumventing it is even more severe in the sight of Allah than the prohibited act itself.

2.3 Ethical Values Related to Exchange in Economics:

No individual can satisfy all their needs by themselves, so they need to exchange their surplus production for the surplus production of others. This exchange used to be conducted through barter in primitive ages, but after Allah guided humanity to money, exchange became easier through it. Money became the primary means of exchange for various needs, services, and benefits. This exchange is trade, which Allah has legislated in Quran, 4:29.

Since trade requires money, which serves as the medium of exchange, Islam has regulated and emphasized honesty in it, considering cheating in trade as a major sin. Responsibility for monitoring and preserving money is entrusted to the authorities, and freedom of buying and selling in markets is granted, with the state only intervening in cases of injustice, exploitation, and greed, to safeguard societal interests and achieve justice.

Islam has surrounded exchange with a set of fundamental values such as honesty, trustworthiness, advice, mercy, tolerance, and the prohibition of cheating, deceit, coercion, and other harmful practices. It prohibits things like usury, deception, price manipulation, hoarding, receiving bribes, selling goods that one does not possess, and all forms of exploitation.

The key ethical values governing economic exchange are summarized as follows:

- **Firstly, the principle of justice and avoiding injustice**, ensuring that contractual parties adhere to the terms and original Sharia rulings of the contract to maintain balance between their rights and obligations.
- **Secondly, the principle of ownership and transfer of ownership in exchange contracts**, derived from Hadiths prohibiting dealing in what one does not own and affirming the validity of the sale upon mutual consent, emphasizing fairness and its specific applications in partnership contracts, among others.
- **Thirdly, the principle of consent and mutual agreement in contracts**, where coercion, error, cheating, deception, and misleading are not permissible.
- **Fourthly, the principle of obligation to disclose**, where concealing defects in the goods being traded is prohibited to maintain the blessings of the transaction.
- **Fifthly, the principle of availability of the subject matter at the time of contracting**, which is required if the subject matter is specific, and issues related to possession, ownership, and capacity are involved. However, if the subject matter is deferred to a future date, such as in forward sales, it is permissible with its conditions and guidelines.

2.4 Ethical Values Related to Consumption:

Undoubtedly, the primary purpose of ownership, production, and exchange is consumption and enjoyment of what individuals possess. However, it is crucial to distinguish between two types of consumption:

1. **Legitimate Consumption:** Aimed at achieving necessary, essential, or improvement-related benefits, which is viewed according to income, customs, and societal norms.
2. **Illegitimate Consumption:** Involves all prohibitions and their various forms, as well as excessive spending and wastefulness.

It's important to clarify that Islamic economics does not prohibit consumption but rather strives to guide it according to need and demand, based on numerous ethical principles and values, including:

- Faith in Allah, Contentment, and Self-Reliance: Teaching individuals to be content, avoid extravagance, and not follow their desires blindly, as narrated by the Prophet Muhammad: "Verily, from extravagance is to eat everything one desires."^{xiii}
- Compassion and Generosity: Encouraging empathy for the weak and needy, following the Prophet's teaching: "None of you truly believes until he loves for his brother what he loves for himself,"^{xiv} urging Muslims to practice altruism and benevolence.
- Adherence to Sharia Rulings in Consumption: Ensuring that consumption aligns with Islamic legal principles, distinguishing between permissible and impermissible consumption.
- Restricting Debt Except in Necessity: Advising against borrowing except in dire circumstances, with the capacity for repayment within the agreed-upon term, as the Prophet Muhammad didn't offer funeral prayer for those who died in debt, saying: "Pray for your companion."^{xv}
- Encouragement of Investment and Saving: Urging investment of wealth and its growth whenever possible, or else, saving for the future. The Prophet said: "Trade with the property of orphans, so that it is not consumed by Zakat."^{xvi}
- Moderation and Balance in Spending: Advising individuals to maintain balance between income and expenditure, avoiding excess and wastefulness, as stated in the Quran.
- Prioritizing Spending According to Need: Teaching Muslims to prioritize spending, starting with oneself, then family, relatives, and so on, as guided by the Prophet: "Start with yourself, then give charity to your family. If there is anything left, give it to your relatives, and if there is anything left after that, give it in the cause of Allah."^{xvii}

These ethical principles form the governing principles for consumption in Islamic economics, emphasizing moderation, compassion, and adherence to Sharia principles in all aspects of consumption.

2.5 Ethical Values Related to Distribution:

Distribution in economic terms refers to the allocation of output and returns to the four factors of production: wages for labor, profits for entrepreneurship, interest for capital, and rent for land. In Islamic economic thought, usury is prohibited and replaced with profit resulting from participatory finance in all its forms.

This stage is considered crucial in Islam as it deals with rights and obligations at the individual, societal, and state levels. Therefore, Islam has established ethical values and principles governing the fair and just distribution of financial rights, including:

- Principle of justice in taking, giving, and distribution: Considering real factors and necessary differences such as efficiency, seriousness, the quality and quantity of work, etc.
- Achieving the principle of balances imposed by circumstances in terms of necessities, needs, and improvements at the individual level, as well as state projects and policies.
- Principle of mercy and kindness towards all workers regardless of their position and status, considering their necessary conditions such as illness, extreme poverty, social circumstances, etc. This is accompanied by the admonition in the saying of the Prophet Muhammad: "O Allah, whoever is in charge of any matter concerning my nation and makes it hard for them, make it difficult for him, and whoever is in charge of any matter concerning my nation and is kind to them, be kind to him."^{xviii}.
- Observance of noble Islamic etiquette in giving without causing harm, humiliation, exploitation, but with respect and appreciation, preserving the dignity of the recipient. This is mentioned in the Quranic verses 2 :262-263. Conversely, observing the etiquette of receiving, such as not insisting on asking, embarrassing, praising, and supplicating for the giver, and only accepting when in need, while being patient and abstinent.
- Achieving the sufficiency level in livelihood for all employees and partners, ensuring a happy and secure life for them, their families, and dependents.

Conclusion:

In conclusion, this humble intervention on the importance of ethical values in Islamic economics emphasizes several key points:

- 1) The constitution of Islam focuses on values and ethics in all aspects of public life.
- 2) The significant aspect of economic activity remains the attention to ethical values.
- 3) Most of the principles of Islamic financial transactions fundamentally emphasize the objectives of good conduct and ethics.
- 4) Islamic economics will continue to be the only solution and way out of all our economic problems, as it draws its substance from the infallible revelation.

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Footnotes:

ⁱ Refer to: Al-Zamakhshari, Mahmoud, "Foundation of Rhetoric", Edited by: Muhammad Basal Ayyun al-Sawd, Dar al-Kutub al-Ilmiyya, Beirut, 1st edition= 1998, 2/112.

ⁱⁱ Ali Khalil Mustafa, "Abu Al-Aynayn", Islamic Values and Education - A Study on the Nature of Values, their Sources, and the Role of Islamic Education in their Formation and Development, Dar al-Fikr al-Arabi, Cairo, 1st edition= 1988, p. 34.

ⁱⁱⁱ Ibn Faris, Ahmed, "Mujam Maqayis al-Lughah", Edited by: Abdul Salam Harun, Dar al-Fikr, Beirut, 1st edition= 1979, 2/214. Ibn Manzur, "Lisan al-Arab", 10/86.

^{iv} Abdul Rahman Hasan Habnaka al-Maidani, "Al-Akhlaq al-Islamiyah wa Ususaha", Dar al-Qalam, Damascus, 1st edition=1979, 1/7-8.

^v Abdel Wadoud Makram, "A Study of Some Problems Hindering the Ethical Function of Secondary Schools" (Master's Thesis), Faculty of Education, Mansoura University, 1983, p. 22.

^{vi} This definition was adopted by Dr. Maqdad Yaljin after discussion and preference. See: Maqdad Yaljin, "Islamic Ethical Education" (Ph.D. Dissertation), Khanji Library, Cairo, 1st edition, 1977, p. 75.

^{vii} Ahmed Mohamed Al-Assal and Fathi Ahmed Abdul Karim, "The Economic System in Islam," Al-Istiqlal Al-Kubra Printing Press, Cairo, 2nd edition, 1977, p. 130.

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- xii Refer to: The Hadiths mentioned in this regard in Imam al-Nawawi's book "Riyad al-Salihin," edited by Shu'ayb al-Arna'ut, starting from page 41 and onwards.
- xiii Sunan Ibn Majah, Book of Foods, Hadith number 3352.
- xiv Sahih al-Bukhari, Book of Faith, Hadith number: 13, and Sahih Muslim, Book of Faith, Hadith number: 71.
- xv Sunan Abi Dawud, Book of Sales, Hadith number: 3343, and Sunan al-Tirmidhi, Book of Funerals, Hadith number: 1069.
- xvi Al-Mu'jam al-Awsat by al-Tabarani, Musnad Ali ibn Abd al-Aziz, Hadith number: 3740, and it is narrated as Mawquf (stopped) from Umar ibn al-Khattab. Also, it is found in Muwatta Imam Malik, Book of Zakat, Hadith number: 12.
- xvii Sahih Muslim, Book of Zakat, Hadith number: 997.
- xviii Sahih Muslim, Book of Leadership, Hadith number: 1828.