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## CONCEPT OF CLASSICAL AND MODERN BUSINESS NATURE; AN ISLAMIC PERSPECTIVE

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### **Abstract**

*In Islam the dilemma whether an act is ethical or otherwise may be resolved by referring to the principles that are enunciated in the sources of the Shari’ah (Islamic law). Islamic business ethics, therefore, is based on these sources and provides an essential foundation in the making of ethical business decisions. Islamic ethics is known as Akhlaq and together with its core principles which include Ikhlas, trustworthiness, belief in destiny, Amanah, Sidq and ‘Adl guide an individual to always do good and eschew evil since the aim of business is not merely to accumulate wealth but to bring about a just socio-economic order and to ultimately please Allah. Furthermore, purposely, Akhlaq and its core principles guide how business disputes are to be resolved and at the same time restore harmony between the disputing parties. This research aimed at demonstrating the application of such core principles within the context of an Islamic organisation through some objectives which include; highlighting on some of the Islamic theories to affirm the necessity of applying such theories during business or contract in form of modern business or otherwise, mainly to avoid forbidden types of transaction in buying and selling. This can be achieved by reading and analysis method through relevant sources and some collected materials.*

**Keywords:** Concept, Classical, Modern, Business, Islam and Perspective

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## **Introduction**

Qur'an lays down a set of principles to provide guidance for the conduct of a Muslim business man, this guidance consists not merely of " laws," but also of ethical norms and values, thus, a Muslim is urged not only to give others their due; rather to give even more than what one legally owes them so as to fulfill the requirements of benevolence and magnanimity. Likewise, he is expected not only to give others their due but to apply all laws in his day to day interactions and transaction. The life of modern man may not be completed except with utilization of the newly form of modern forms of innovated business objects. Also Islam would not leave Muslims without setting them towards good things and without rules & regulations to protect them from bad things or unlawful act. Islamic laws explored the right path, and scholars wrote a number of commentaries on it, others by consensus (*Ijma'*) while some by analogy (*Qiyas*). So looking at the human benefits associated to the modern innovations and improvement of living condition for Muslims, thus Islam set it as lawful or unlawful. The Classical and modern scholars wrote on the human aspect of life, individually, socially, morally, economically, as well as on business, a Muslim must consults Islamic law in all type of business.

## **Objectives**

The discourse from the Divine revelation and Sunnah towards the concept of Islamic business theories and its advancements through the relation with Information and Communication Technology or online business an attempt to explore on the status of this article was suggested as well as their position in Islamic Shari'ah. This study objectively will highlight on some of the theories and its effects on the Muslim society, also to affirm the necessity of applying such theories during business or contract to avoid forbidden form of transaction in buying and selling.

## **Methodology**

Document readings and analysis was also employed in this study starting from Qur'anic, Prophetic tradition and scholars views which source from relevant

source and some collected data. This study involves the use of the specialist ideas to achieve some of the desired objectives of this research. *Ummahat Al Kutub*, emphasizes the usefulness of *Fiqh* in solving buy and selling issues and argues that the Jurist approach should not be underutilized and that requires rigorous adherence to their suggestions. That is the reason why the researchers consult the available physical and online documents with a view to explore on many forms of business. This is because the documentary method was described as one of a means for identifying and investigating facts.

### **SOURCES OF ISLAMIC LAW**

The primary sources of Islamic law are the Glorious Quran, simply define by scholars as:

*A word of Allah which revealed upon Prophet Muhammad (P.B.U.H) in which Muslim worship through its recitation related with a chain of transmission through Angel Jibril started with Surah Al Fatihah and concluded with Surah Al Nas.*

The Sunnah: Are the traditions, known practices, command or affirmation of the Prophet Muhammad (pbuh). Sources of Muslim law is classify into two categories that is primary and secondary sources. Primary sources are those on which Islamic law relied on. These are the foundation of Islamic law: Quran, *Sunnah*, *Ijma* and *Qiyas*

### **Secondary Sources**

These sources are not basic sources of Islamic law but the supplementary sources of Islamic law. The secondary sources of Islamic law are: Urf or Custom, Judicial decision, Legislation, Equity, Justice, & Good conscience

### **Definition of Business –**

Definition of Contract Sale Literally: to conjunct, to tie, to knot, to contract and etc. Means: *Aqd* is a contract between to parties on a particular subject matter which is to be concluded upon offer( *Ijab*) and acceptance (*Qabul*) of the parties

*O you who believe! Fulfill  
contractual obligation Al-Maidah  
verse 1*

*Al Bay'* refers both to the activities of buying & selling- derived from the term *baa'* (for arm) because one extends one's arm to give or to take. Means: Exchanging property for property, property for money or money for property upon mutual consent among the contracting parties. See *Al-Baqarah* 175 -*Al-Nisa* 29

Concept of definition of Buying and Selling was mentioned in Al-Qur'an thus:

*But Allah has permitted trade" (Q2:275)*

*But take witnesses whenever you make a  
commercial contract (Q2:282)*

*But let there be among you traffic and trade by  
mutual good will (Q4:29),*

The Prophet (pbuh) was asked: "Which forms of income generation are the best? He replied:

*A man's labor and every legitimate sale*

*Another saying is: A sale must be by mutual  
consent*

*Another Hadith, He said: The truthful and  
honest trader is among the prophets, the  
righteous, and the martyrs" al-sunnah  
permissible by islam*

In literary sense, the term business means the state of being busy; it includes all those activity which are related with production, distribution and selling of goods and services with the core object of earning profit. (Saeed Nasir, 1995)

**Ethics in Buiness:** The word ethics originate from Greek word "ethos" which means character, spirit and attitude of a group of people or culture. (A. Abd Al Rahim, (2021)

**Islamic business ethics** –therefore refers to rules and regulations governing business dealings from Islamic perspective. These rules are largely drawn from Shari'ah. (Al Aidaros and Others 2013)

## FUNDAMENTAL ETHICAL PRINCIPLES/PHILOSOPHY

This principle reminds us that our actions affect all, everyone around us, directly or indirectly. The essence of this is to create social justice in our daily interactions as well as within the society as a whole. By so doing we are able to maintain a balance in this world and the hereafter.

The following are the five key Islamic ethical principles agreed upon by jurists

### Islamic Ethical principles:

**Unity** – relates to the concept of Tawhid, belief in the oneness of Allah and base entire aspect of life (i.e. economic, social, political and religious) on the dictates of Allah. Islamic ethics is related to several terms. These terms are: approved, goodness, truth and right, righteousness, equity, equilibrium and justice, and piety. (Kastsat, Journal, Vol. 39,(2018)

Since the Muslim is convinced that only Allah can help him, no man or animal can take his life before the appointed time; he will thus act bravely in doing what is ethical and Islamic.

The following is the application of *Tawhid* as a Muslim businessman;

1. He will not discriminate among his employees, suppliers, buyers or any other stake holder on any basis, e.g. colour, sex, tribe, religion etc
2. He is not coerced into any unethical practice
3. Will not hoard his wealth greedily
- a. **Equilibrium** – relates to the concept of *Al Adl* meaning justice. A sense of balance in all aspect of life through conscious purpose. This is
  - i. To consciously engage in those activities that is beneficial to one in this world and the hereafter.
  - ii. It is the act of doing good by oneself and others
  - iii. To try as much as possible to be fair and not to discriminate in terms of race, position wealth etc.

The lesson to be learnt here is that Islam wants to curb man's love for possessions; miserliness and spendthrift mode of conduct is condemned in the Quran.

- b. **Free will** – this is the concept of vice-gerency, which is man is an agent or representative of Allah on earth. Free will coexists with unity and

equilibrium in the sense that, one must first believe in the Oneness of Allah and at the same time maintain a balance between here and the hereafter. So, as Allah's representative, we are supposed to act according to His pronouncement and command in the Glorious Qur'an and also follow the Hadith and Sunnah as best examples.

- c. **Responsibility** – this is being accountable for ones deeds. With the concept of freewill comes accountability. It is to be responsible for our actions; we should be able to account for our deeds whether good or bad.
- d. **Benevolence (*Ihsan*)** – this refers to kindness to others. This includes giving of alms, forgiveness of debt (where possible), speaking and relating kindly with others. Generally, it involves all acts of kindness

### **ISLAMIC INJUNCTION ON SOME FORMS OF BUSINESS/ TRANSACTIONS VIA MODERN TECHNOLOGY**

For example: looking to the modern way of interaction and transactions many things have been modernized, almost everything where about to be computerized or mechanized. In the case of buying and selling, Bank transactions make an impact on the rules of Yadan bi Yadin (Hand to Hand) in purchase and selling of goods or services from businesses. Nowadays, people are using bank transfer, Mobile banking as well as changing of currency, despite the fact that the Western banking system may be contrary to that of Islamic Banking system and the said transactions may pass through non Islamic rules and some modern markets were running on such system.

On the other hand, some of the contracts were online system, via mobile phones, over Fax, Telex, Internet, Mobile Banking and other modern ways Ni, et al. (2009). Modern Muslim scholars have been asked about such ways of modern transactions, on internet or its example; they responded: The contracts may be executed based on the condition of offering and accepting even by words, even by one of the modern ways of communications, by saying "I sale it" by first party, while the second party will answer "I buy it" or any sign that will stand for agreement even by writing and sending it via SMS, whatsApp, Fax or by sending its picture through messengers, pagers, Instagram or any other form of social utilities (Fearn-Banks, K. 2016).

The modern world in term of social, education, economic and religious activities rapidly grows due to the newly invented technologies and man is witnessing changes thus Muslim are in the position to reshape their reasoning to utilize the advantages of modern world development because Islam is a religion of civilization they must easily adopt the available development to promote their religion rulings and Da'wah programs in their regions through ICTs. (Gwadabe, N. A. 2014)

## **POS MACHINE BUSINESSTRANSACTION**

### **What Is a POS Machine?**

The full meaning of POS is "point of sale," or, in other words, it's where your transaction is finalized. The term itself can have a couple of different interpretations. In the narrowest sense, it means that the terminal that sits beside the cash register to process credit and debit cards, and any gift cards you accept at your business. More often, when you speak of a POS machine, you'll be thinking about the whole terminal, that has an informative screen and the ability to handle every payment type. (F. decker, 2018)

In another, the point of sale (POS) or point of purchase is the time and place where a retail transaction is completed. At the point of sale, the merchant calculates the amount owed by the customer, indicates that amount, may prepare an invoice for the customer, and indicates the options for the customer to make payment.

The POS transactions are of three:

- 1) *Wakaalah*: when someone brings you money to transfer to another account on his behalf. You are free to charge him as much as you want for the agency. The money given to you can be transferred or from your account.
- 2) *Qard*: someone collects a certain amount of money from you which he returns later in cash or from his debit card. You have no right to benefit from it that is no target profit. Lending and borrowing is not a business of profit rather is an assistance of relief therefore it is *haraam* to charge above the necessary service charge.
- 3) *Sarf*: someone gives you his debit card to deduct a certain amount for you to give him cash. The exchange must be instant and on the equal amount except it involves two different currencies.

Scenario A:

Someone needs cash of #5000 which you have to deduct from his account, don't give him until you are sure of the deduction which must be exactly the #5000 plus the necessary service charge not profit.

Scenario B:

Someone comes with \$100 any you are to transfer the equivalent in Naira to him. You are free to buy on any amount of your choice as far as the dollar owner agrees with the price, only that the transfer must be done and received before you collect the dollar from him.

So if it the POS is cooperated as above then it is *halaal* compliant. (S. Hamza, 2020)

### **Computer as a necessity for modern business**

It became necessary in our modern time to make use of computer for one reasons or the other, depending on the purpose or need. If it will be used in unlawful act, then the following jurist rule will be applicable; “Whatever leads to unlawful act will be regarded as forbidden” Al-Qaradawi, Y. (2013). Almost all objects have their advantages and disadvantages in use, although the disadvantages are not fully found in other worldly things, because with any disadvantage there will be an advantage, while advantages and its opposite are found in many objects, (Nur, I., & Muttaqin, M. N. 2020).

### **LAWFUL AND UNLAWFUL BUSINESS TRANSACTIONS**

The basic guidelines prescribed by Islam in business transactions are high examples of forthrightness and honesty. In Islam, the objective of establishing business enterprise is to safeguard oneself from begging and dependency on others. The term business refers to all those lawful transactions carried out for the purpose of profit. This gave rise to the terms *Halal* (lawful) and *Haram* (unlawful) activities.

**Degree of lawful and unlawful behaviour** – it's important to know the extent to which an action or behaviour is considered lawful or unlawful in Islam. Five classes have been identified from *fiqh*, as described by Qaradawiy, It clarifies the *Halal* (Lawful) and why it is *Halal*, and the *Haram* (Prohibited) and why it is *Haram*, referring to the Book of Allah and the Sunnah of His Messenger



(Peace be upon him). It answers all the questions which may face the Muslims<sup>1</sup> in today life and all the time these are:

*Fard, Mustahab, Mubah, Makruh and Haram*

The following are some key business issues every Muslim should follow. They are supposed to serve as a guide in all business dealings.

- **Business and devotional practice:** every Muslim should be conscious of all obligatory acts upon him.
- **Fair prices:** prices of goods and services should not be too high; for those who use weights, accurate measure must be given, that is do not tamper with weights. No hoarding of goods since this can lead to scarcity and eventual rise in price which in turn yields hardship.
- **Sale of forbidden/defective goods:** it is forbidden to sell haram goods/services, a Muslim business person should not represent a forbidden goods/service as *halal*.
- **Al Gharar:** the Prophet (SAW) forbade any kind of trade involving uncertainty, regarding an unspecified quantity to be exchanged or delivered.

### **Theft of Money**

The hackers often break into Banks databases to siphon money from one account to another. Some may obtain credit information from computers of credit bureaus and make fraudulent credit of their own card and obtain money from banks or other trade centres. In Britain Roger Cook on the Cook Report, November 18th 1997 showed how easy it is to use special hardware to transfer the details from magnetic strip on one card to that of another, or getting details from a credit card and using these details to order goods over phone or internet (Heathcote, P. M. 1998).

Fraudulent, according to Islamic Shari'ah can be defined as (*Algish or Al-Khida*) the Prophet (peace be upon him) said: "Whoever act fraudulent, is not among us" Related by Imam Muslim. Islam forbid fraudulent in all dimensions; in buying and selling, in oldest and modern ways and in all means of

transactions. Muslims were asked to be trustworthy in all their affairs (Al-Qardawi, Y. 1985).

### **Fraud on the Internet**

The basic and basis of Islamic law on computer crime and its ruling were explained by many scholars and Islamic ruling contributed to the ICTs safe and security spiritually more than practically. Many texts prohibiting untruth worthiness attributed to such type of crime. Al-A'ali, M. (2007). Nowadays, modern men have an access to networks; they can sign in or activate to serve their own personal interest, that is why scam is everywhere in the internet/social media. In Islam also, there is a right to possession. One has no right to use it except with the permission of the owners, unless where they validate it to the public consumption even if it is server, router and data. "The most common form of fraud on the internet takes place between traders that appear to be legitimate and innocent, purchase of goods that are offered for sale. A trader could for example disguise himself as a representative of a particular organization (say, Selfridges) but actually, they are entirely unconnected. They could then take orders and payment for goods and not deliver them (Heathcote, P.M. 1998).

It is not every sale involving uncertainty that is prohibited; if it is minimal it is permissible; an instance where someone purchases a house without knowing what's inside the walls is not prohibited. Any uncertain sale that can result in dispute, conflicts or unfair impoundment of one's money or property is not allowed in Islam.

**Credit transactions** – all transactions involving interest must be avoided, pricing should be the same for credit and cash sales. Credit sale should not be purchased at a lower price than the original. Debtors should Endeavour to pay when due.

**Concern for others in commerce** – competition is allowed in Islam but all business persons must avoid cut throat competition. It is *haram* to engage in a transaction of which another has shown interest, unless it has been terminated.

**Personnel Relations** – in any organization it is expected that every action should be governed by the twin concept of equity and justice. Once this is established all other activity moves smoothly. Preference of one employee over

the other should be avoided; promotions, rewards, punishment and other personnel issues should be carried out fairly.

**Formation of contract** – in business, trade is established as soon as a formal offer and acceptance has been made. Matured and established buyers and sellers makes a contract valid i.e. a minor cannot enter into an agreement nor can there be an agreement without an established buyer and seller. A clear understanding of the goods/service should be known by all parties involved. The following are the rules governing the validity of contracts:

- Not prohibited items/service
- Seller must have possession as well as title to goods
- Price of the commodity must be established and known
- Any defect on the commodity must be made known
- Partnership is allowed provided its profit sharing is based on contribution ratio.

### **SOME OF HALAL AND HARAM BUSINESS AREAS**

What is *haram* (unlawful) may be presumed to correlate with business areas that are themselves *haram* and hence unethical. Similarly, what is *haram* may be presumed to correlate with business areas that are themselves *halal* (lawful) and ethical.

#### ***Halal Earnings***

Islam, through the example of the Prophet (SAW) and the rightly-guided Caliphs, demonstrates the importance of trade or business, many Companions of the Prophet (May Allah be pleased with them) engaged in business and farming. In fact, except for the trades that has been prohibited. Islam actively encourages Muslims to get involve in business and commerce:

*Allah's Messenger (peace be upon him) was asked what type of earning was best and replied, "A man's work with his hand and every business transaction which is approved. Al Tirmidhi 846*

Besides that, Muslims are encouraged to develop proficiency in industries, crafts, skills and professions that are instrumental to the survival and betterment

of the community which will make them to develop business. In fact development of these skills represents *fard kifayah*. Imam al Ghazzah stresses this point:

Sciences whose knowledge is deemed *fard kifayah* comprise every area which is indispensable for the welfare of this world.

In general, then, Islam looks on work which fills a *halal* need in society as good provided that the person performs it in an Islamic manner. This is because

1. Work protects one from begging
2. One is able to provide for oneself and others dependent on him/her
3. Work in industry is encouraged especially if it is for the betterment of the society as a whole in terms of growth and development

### **Some of Old and Modern form of Haram Earnings**

Partial lists of businesses that Muslims should stay away from are:

Trading in Alcohol, Drug Dealing and Trading, Sculptors and Artists, Production and Sale of *Haram* Goods, Prostitution, Al Gharar. While in modern days people are living in a cashless society due to a digital era, thus Haram earning may include some prohibited modern type of illegal online business that fall under crime, such as anything could be set for money laundering, financial crime, drug transaction and unusual electronic representation of money through using credit cards, debit cards, mobile payment and digital currencies, hacking, scam among others, or accessing one's pin code without his consent.

Although legal in many countries, Islam prohibits this trade. In fact, when Islam came, it put an end to the exploitation of women used in this fashion. Many *Qur'anic* and *Hadith* verses strongly condemn all the above mentioned types of business.

### **Findings**

This paper depicts Islamic view points on the permissibility or prohibition of some modern technological advancements or products such as different games and gadgets in age of Information Technology (ICTs). The research also shows the above mentioned products and its relevancy in accordance with Islamic Shari'ah.

The paper also calls Muslim scholars particularly the modern ones that they should adhere to bring awareness to Muslims because western world was doing their best in developing world from theory to practical in both Maslahah (what brings benefits to the Muslim World) and Mafasadah (what brings harms to the Muslim society). Islamic rulings and decisions should be deduced from the primary sources to back the legality of embracing such modern innovations in order to allow Muslims to use it in accordance with Islamic injunction.

## CONCLUSION

Now that we have dwelt on the topic of this research as well as attempted to position some of form of modern business/transaction on the scale of acceptance or nullity through the Islamic perspectives. Thus, it is pertinent to reiterate the need for continuous use of jurist explanations and apply it in the modern age for the benefit of the Muslims and humanity as a whole during transaction. The research aimed at affirming the level of Islamic law in accommodating anything good and useful to its followers. It is also condemning the notion of some extremist scholars who have been overboard in passing different rulings to bustards everything coming from the west in the age of technological advancements. Allah said (Nothing was neglected from the book). (Q:6, V:38). Islamic Law mentioned clearly that in accordance with the principle of Islam everything is permissible except for other things that are prohibited in Islam.

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