

International Marketing Ethics from an Islamic Perspective: A Value-Maximization Approach

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ABSTRACT. International marketing practices, embedded in a strong ethical doctrine, can play a vital role in raising the standards of business conduct worldwide, while in no way compromising the quality of services or products offered to customers, or surrendering the profit margins of businesses. Adherence to such ethical practices can help to elevate the standards of behavior and thus of living, of traders and consumers alike. Against this background, this paper endeavors to identify the salient features of the Islamic framework of International Marketing Ethics. In particular, it highlights the capabilities and strengths of this framework in creating and sustaining a strong ethical international marketing culture. At the heart of Islamic marketing is the principle of value-maximization based on *equity* and *justice* (constituting just dealing and fair play) for the wider welfare of the society. Selected key international marketing issues are examined from an Islamic perspective which, it is argued, if adhered to, can help to create a value-loaded global ethical marketing framework for MNCs in general, and establish harmony and meaningful cooperation between international marketers and Muslim target markets in particular.

KEY WORDS: corporate responsibility, corruption, ethical behavior, ethics, Islam, international marketing, marketing mix, regulatory institutions, value-maximization

Introduction

The Islamic religious perspective warrants considerable importance in the field of global business ethics for five reasons. First, Islam provides a framework that shapes the moral and ethical behavior of a growing number of Muslim

consumers around the globe. These consumers constitute about one quarter of the total world population and represent a majority in more than 50 countries. Second, an increasing number of Muslim countries represent some of the most affluent consumers in the world. Islamic financial institutions, for example, manage or control funds worth around \$60 billion (De Belder, 1993). Third, there has been an increasing level of foreign investment in Muslim countries over recent years. Fourth, there is a growing momentum towards the formation of a Muslim trading block. And fifth, the current political mood indicates that there appears to be a definitive push towards greater Islamisation of countries where Muslims are in the majority (e.g. Egypt, Algeria, Pakistan, Sudan, Afghanistan to name but a few) in the form of a return to the application of the Islamic law (Shari'ah) to all facets of life and thought.

The ever increasing role of Multinational Corporations (MNCs) in the contemporary global economy makes it incumbent upon them to appreciate the dynamics of the Islamic perspective in order to gain a better understanding of the mind set of the Muslim consumers. By not understanding this mind set and thus distancing themselves from Islamic principles and codes of practice, international marketers and investors may not only be at risk of alienating a large proportion of their target market but also risk being in direct conflict with them (Rogers et al., 1995). This is particularly true in countries such as Saudi Arabia, Iran and Malaysia which have laid down strict Islamic codes of conduct in all walks of life including international marketing.



However, despite the growing importance of Muslim target markets, the Islamic perspective in today's global business has been largely ignored by researchers (recent exceptions include e.g. Rice, 1999). Recent years have witnessed a growing interest in specialist western journals such as the *Journal of Business Ethics* which are devoted exclusively to the dissemination of knowledge in the arena of business ethics, and in the study of linkages between religion and business ethics and culture and business ethics (e.g. Dubinsky, 1991; Armstrong, 1992; Williams, 1993; Green, 1993; Raltson et al., 1993; Rossauw, 1994; Gould, 1995; Vasquez-Parraga and Kara, 1995; Jayasankaran, 1996; Tuncalp and Erdem, 1998; Naughton and Lacznak, 1993; Schnall, 1993). A review of the literature shows a general lack of any published Islamic perspectives on the various aspects of business including marketing and ethics. It is this vacuum in the contemporary literature on international business ethics that this study is designed to fill. What follows is an attempt to evaluate the ethical aspects of international marketing practices from an Islamic perspective with a view to highlighting the capabilities and strengths of the Islamic ethical framework in creating and sustaining a strong ethical international marketing culture.

Foundations of Islamic ethical framework

It is a fact that no religious belief is entirely divorced from the realities of daily human activities, commercial or social. Likewise, Islamic teachings span all economic operations, including marketing whether domestic or global. These teachings emanate from two sources; the Qur'an (Islam's holy book) and documented practices of the Holy Prophet (pbh).¹ The Islamic perspective has its foundation firmly rooted in the principles of *equity* and *justice*, and offers ways and means to create value and elevate the standard of living of people through commercial pursuits while adhering to these principles. It is worth noting that the Islamic perspective is also quite unique regarding this particular aspect of human activity for three reasons. First, Islam does not

recognize any division between the temporal and the spiritual dimensions since an individual's quest to propitiate God and follow His commands permeates through all aspects of the individual's daily activities (Nadwi, 1978). Second, all endeavors of a person, including any commercial pursuits, constitute and represent part of his religious beliefs, of the *raison d'être* of His creation (Al-Faruqi, 1992). In other words, everything that an individual undertakes is part of worship (*Ibadah*) of God. Third, in Islam, all commercial pursuits (including national or international marketing) are considered at par with any other forms of worship (*Ibadah*) (Qur'an 107: 1-7).

It follows that a person's entire life represents a series of activities for which he/she is responsible and will be accountable for to God. Given that commercial transactions are part and parcel of people's daily lives, in Islam undertaking of each and every transaction represents a task that must be executed in accordance with Islamic law and teachings. It is not surprising to learn, therefore, that marketing ethics merit special attention in Islam and constitute a separate discipline underpinned by documented practices of the Prophet (pbh) himself. A number of chapters in these documentations are dedicated to the subject of commercial transactions which offer a practical value system for sound business decision making while laying down a strict ethical code of conduct for classifying and evaluating business and marketing behavior.

Secular theories of ethical behavior within Islamic framework

Several secular theories on what determines an ethical decision making process have been put forward over the years. Those worthy of discussion include utilitarian, justice and fairness theories (e.g. Bayles, 1968; Rawls, 1971; MacIntyre, 1981; Reidenbach et al., 1991; Hollingsworth, 1991; Helms and Hutchins, 1992; Fraedrich, 1993; Adler and Borys, 1993; Gaertner, 1994). The utilitarian grounding (of the greatest good for the greatest number) of ethical behavior places a greater emphasis on

positivistic approaches while ignoring the transcendental aspects (or the actualization of higher spiritual objectives of life) altogether (Safi, 1996). These secular theories have three main limitations. First, the concepts of justice and utility have been dealt with in a rather shallow and narrow sense. Second, by ignoring the transcendental aspects, these theories are incomplete and thus limited in their application and utility. Third, these two shortcomings render these secular theories to be interpreted according to the whims and the desires of businessmen and as a result fail to serve as a meaningful guiding ethical yardstick.

Given the failure of these theories, the concept of *idealism* and *relativism* as a means of setting ethical standards has acquired popularity among theoreticians over recent years. Idealism relates to the tendency to consider injury to others while relativism measures the tendency to disregard universal moral values (Forsyth, 1980). In particular, international marketing relativism, as a reflection of ethical relativism, is fast becoming a dominant approach in the field of international business ethics (e.g. Donaldson, 1989; Peter, 1992; Mayer and Cava, 1993; Robin and Reidenbach, 1993; Tansey et al., 1994; Treise, 1994; Barnett et al., 1994; Hunt, 1994; Werhame, 1983). For example, Treise et al. (1994) states that the degree to which consumers judge advertising as ethical or unethical varies as a function of their relativism and idealism. According to relativism, international business strategies and judgments are predominantly based on experience, where "experience" is interpreted by an individual international executive in terms of his or her own culture (Ranson and Neale, 1991). Thus taken together, experience and culture help to formulate the criteria of what is considered ethical. While, it is acknowledged that this approach has had some success in facilitating international marketing strategies, relativism by no means comes close to offering a complete set of standards and codes of practice to guide international marketing executives to questionable international marketing adaptation behavior. One reason for this is that in essence these secular approaches are rooted in the principle of profit maximization. It is worth noting that such

approaches have been dominant in shaping business teaching ideologies and therefore the attitudes and perceptions of international marketing executives over the years (Laurence, 1995). Not surprisingly, the practice of these teachings (rooted in secular ideologies) render marketing executives incapable of constructing or following any form of psychic mechanism or conscience that may act as a brake on feeding their drive towards maximizing their earnings (Al-Faruqi, 1992).

Despite the dominance of ethical relativism in international marketing ethics, a "trans-societal" or "global moral order" is emerging (Husted, 1996). It is often argued that this emergence of a global moral order reflects two trends. First, a maturing consensus among different cultures on evaluating moral judgments and attitudes regarding questionable international business and marketing practices. And second, it is a result of social cognitive and moral development theories which offer a more sophisticated model of cultural diffusion (Husted, 1996). However, these conclusions are questionable, not to mention paradoxical. They take as their basis secular theories that are rooted in Darwin's theory of evolution which by definition are incapable of capturing the moral dimension of human character.

Within the context of the Islamic framework, we offer an alternative explanation and argue that the development of a global moral order in fact reflects a natural universal desire for a more stringent moral and ethical value system and gives support to the view that there exist innate universal moral values in every human being irrespective of their culture, creed, or religion. This movement towards a "global moral order" represents a process of nature which The Qur'an describes as, ". . . For the scum disappears like froth cast out; while that which is for the good of mankind remains on the earth . . ." (Al-Qur'an 13:17). To explain the global moral order purely in terms of social, cognitive and moral development theories would be misleading and would not do justice to this world-wide phenomenon. Islam believes in a natural inclination to *higher ideals*. Within this context, the emergence of a global moral order represents the enduring

spiritual dimension of human beings which can never be suppressed altogether.

Non-observance of international ethical norms cannot be blamed on cultural diversity. Cultural diversity is neither an excuse for moral pluralism, nor does it imply that application of moral reasoning to social issues and questionable business practices should become sub-optimal. Within the Islamic context, this non-observance reflects impurities and distortions in human nature which are a result of operating and existing within an unethical external environment which, over time, blurs rational thinking and facilitates easy inclination towards unethical international marketing practices.

Islamic marketing ethics of just practices: a value-maximization approach

Islamic international marketing ethics differ from secular approaches in a number of ways. First, they are not relative but are absolute in their terms as they are based on Qur'anic commandments and leave no room for ambiguous interpretation by marketing executives to suit their individual whims and desires. The second notable difference is their transcendental aspect of absoluteness and non-malleable nature. Third, the Islamic approach emphasizes value-maximization in view of the greater good of the society rather than selfish pursuit of profit maximization. Such properties grant Islamic ethics tremendous capacity to penetrate human conscience and are capable of influencing the behavior of international marketing executives from within.

The principle of value-maximization is based on the concept of *justice*. Numerous Islamic scholars have analyzed the application of *justice* in marketing by categorizing it into "fair play" and "just dealing". Miskawayh (1968), for example, defines fair play as to give and take in business according to the interest of all concerned, while just dealing is defined as a virtue which causes one to be fair to oneself and others by refraining from giving of more of the "useful" to himself and less to others, and more of the "harmful" to others and less to himself (Miskawayh, 1968).²

According to Miskawayh (1968), justice dictates one not to be greedy in lawful earning. Furthermore, an honest and just businessperson should have recourse to God, to his promise, and to this covenant at the utterance of every word, at every glance of the eye. A businessperson is not worthy of the rank of a "just person" if he/she has an excessive love for money, for this eagerness of acquiring money prevents him/her from being kind, observing what is right and giving what he should. Pursuit of money alone will lead a businessperson towards the path of treason, lying, fabrication, false testimony, standing in the way of duty and assiduous search, and the pursuit of valueless earnings. In this struggle of amassing wealth, he/she will be ready to sacrifice his/her honor and forsake the higher moral values. Given that, in the main, the thrust behind unethical marketing practices is that of the profit maximization motive. According to Miskawayh (1968), if this thrust is shifted towards value-maximization instead, and if justice becomes an inherent part of international marketing interactions and interdependence, a harmonious and collaborative global atmosphere will be created, while in no way jeopardizing the competitive advantage of an organization.

Marketing mix from an Islamic perspective

It follows from the above that any commercial activity from an Islamic perspective is governed by two principles. First, submission to the moral order of God and second, empathy and mercy to God's creations which implies refraining from doing harm to others and thus preventing the spread of unethical practices (Niazi, 1996). This section analyses the five *Ps* of the marketing mix (i.e. product, price, promotion, place and people) within the context of international marketing as determined by these Islamic principles.

Product: production process

The quality of the production process is of a paramount concern in Islamic ethics. The Qur'an declares that pursuance of safe and high quality ideals is one aspect of actualizing safe and reliable products and services for the customers (Al-Qur'an 2:172,7; 7:160; 20:81; 2:168; 5:88; 8:69; 16:114; 23:51; 5:4; 5:5; 7:157). In some of these Qur'anic verses the phrase "Eat pure things," precedes "do righteous deeds." Put simply, these phrases are meant to impress and emphasize the principle that righteous deeds are meaningless without purity in matters pertaining to production, consumption, and marketing of pure and lawful products and services.

The production process in Islam is visualized quite differently compared to western thinking. The Islamic perspective incorporates moral and transcendental elements within the production decision making process and is guided by the principles of lawfulness, purity, existence, deliverability, and precise determination (Al-Misri, 1991). These principles dictate that first, the product should be lawful and not cause dullness of mind in any form (Al-Ukhuwa,³ 1938, pp. 11, 20), lead to public nuisance, or immorality. Second, the product must be in the actual possession of the owner. Third, the product must be deliverable since the sale of a product is not valid if it cannot be delivered as for example the sale of fish in the river (Al-Ukhuwa, 1938, p. 19). Fourth, the article for sale must specify exactly its quantity and quality, and the seller must be able to point to the actual commodity where quality is determined by inspection while description cannot take the place of visual inspection (Al-Ukhuwa, 1938, p. 20). Fifth, the object should not be unclean. Al-Ukhuwa has categorized "unclean" things into four kinds, those unclean essence (e.g. dogs and swine), those made unclean by association (contamination), those made unclean by contamination but whose usefulness is not entirely destroyed (e.g. unclean garment), and things unclean by contamination which entirely destroys their usefulness (e.g. contaminated olive oil). In other words, the production process should be permissible (*Halal*) and pure (*twayyib*) i.e. it should ensure that the ingre-

dients have been taken/extracted/obtained from lawful sources, to the extent that it is free from any harmful consequences. Islamic principles dictate that the production operations must be innocent and pure from beginning to end" (Al-Faruqi, 1992, p. 177).

While the overriding concern of first three principles is to prevent conflict, unjustified profits and fraud, the fourth principle has been formulated in order to prevent uncertainty and conflict between contracting parties in situations where a contract is rescinded or terminated due to some cause and either party is seeking a remedy. Under the Islamic approach, therefore, the production process has to be guided by the criteria of the value and the impact of the product upon the whole society. This is due to the highest importance given to the actualization of the optimum welfare of a human being and the society at large. To be engaged in the production process is a part of worship (*Ibadah*) to God (Al-Faruqi 1975). Al-Ukhuwa (1938), who discusses all aspects of a production process in *Ma'alim al-Qurba*, for example, elaborating on the responsibilities of millers states "(They) must clean the grain of earth before they grind it. The sieves must be renewed periodically. The official inspector must examine the flour to prevent admixture with flour of chick-pea, etc., and must prevent milling on the work particles of the mill stone, which causes harm to men" (Al-Ukhuwa, 1938, pp. 11-20). Regarding bakers and bread-makers he states, "for kneading, men may not use their feet, knees and elbows as doing so implies a lack of respect for the food; also drops of sweat may fall into it. Smocks with tight sleeves must be worn at the task and the face should be veiled. During the day time a man with a fly whisk should drive away the flies" (Al-Ukhuwa, 1938, p. 19).

The primary objective of the production process is to deliver, elevate and satisfy basic human needs. Miller and Deiss (1996) suggest that the main thrust behind unethical decision making on part of business persons to produce sub-optimal products is cost leadership strategies. In contrast, the Islamic perspective encourages a societal and welfare approach rather than decisions based on the profit maximization.

Pricing of the product

Pricing policies are, in the main, formulated to exploit and manipulate human psychology as witnessed by common practice whereby a recommend retail price which is printed on the product is often substantially higher than what the retailers actually charge. The aim of such pricing policies is to give customers the false impression that they are in fact getting a bargain (Shaw, 1996). Such practices are banned under Islamic law. Islam prohibits getting something too easily without hard labor (*Maisir*), or receiving a profit without working for it (*Tatfif*) (Shaw, 1996); changing the price without altering the quality and/or quantity of the product; and cheating the easy-going customer for illicit gain (Ibn Taymiya, 1982). This doctrine prohibits marketers from practicing price discrimination between bargainers (*Mumakis*) and non-bargainers (*Mustarsil*) by selling the same merchandise to them for different prices (Ahmad, 1995, p. 117). The Prophet (pbh) proclaimed, "Do not urge someone to return what he has already bought (i.e. in optional sale) from another seller so as to sell him your own goods" (An-Nawawi). Islam also prohibits false propaganda on the part of the international marketer regarding the position of demand and supply through the media.

It should be noted that Islam does not prohibit price controls and manipulations to meet the needs of the market e.g., charging higher prices as a result of natural scarcity of supply of a given commodity or setting price ceilings to curb opportunistic tendencies among merchants. In Islam, self-operating mechanism of price adjustments and healthy competition (*Munafasah*) are in fact encouraged (Al-Qur'an 83:26). However, the essential conditions for the successful operation of such a mechanism dictate that there should be no corner market, no hoarding, no (unjustified) price manipulation, and no restriction on trade (Niazi, 1996, p. 45). Once Umar Al-Khattab passed by Hatib bin Abi Balta'ah and found him selling raisins at a much lower price with the intention of putting his competitors to loss. Umar Al-Khattab told him: "Either enhance your rate or get away from our market" (Malik,

1989). Hoarding (*Ihtikar*) of any product is banned in Islam. However, the system offers flexibility if compelling marketers to sell at one price amounts to coercion and distortion of the free market or if it means very high product prices. Under these circumstances and in view of safeguarding public interest, Islamic officials can bring together market leaders representing a particular region or a particular commodity, in the presence of others with a view to reaching a consensus on price level that would not be unjust to the consumer and at the same time reap reasonable profits to the marketers. The key impetus to intervene on such an ad hoc basis is to prevent "black-marketing" and "concealment of essential foodstuffs."

Ibn-Ukhuwa (1938) identifies various types of contemporary "ethical lapses" in pricing. Examples illustrated by him include when real owners of the products pretend that they are not the owners in order to hike up the price by making consumers believe that an even higher price would be charged by the real traders, or when there are collusive agreements. Al-Ukhuwa, therefore, emphasizes the role of a public welfare official to ensure that prices remain fair and just by curbing any ethical lapses in price setting. He observes that "the public welfare official must see that a broker receives his commission only from the seller and must not cause the price to be abated in collusion with the buyer" (Ibn-Ukhuwa, 1938, p. 4). All unethical lapses in pricing are tantamount to injustice (*Dhulm*) and are sin. Hence, all profits earned through such unjustified prices are not only unethical, they infringe upon the unique status of man/woman and his/her role and responsibilities as viewed under the Islamic framework. The Prophet (pbh) remarked, "Do not raise prices in competition" (An-Nawawi 2:270, narrated by Al Bukhari and Muslim). In order to eliminate this type of "injustice", the marketer and customer must acknowledge that they have higher moral responsibilities on earth rather than to be preoccupied with profit maximization alone.

Promotion of the product

There is no room in Islam to justify any cover up of promotional behavior. Qur'an condemns all forms and shapes of false assertions (*Kadhb*), unfounded accusations, concoctions and false testimonies (Al-Qur'an 43:19, 80; 33:19, 58; 58:17-19; 102:8; 100:8; 3:14). In terms of Islamic marketing ethics, it is unethical for the salesperson to over praise his products and attribute to them qualities which they do not possess (Al-Ukhuwa, 1938, p 23). The latter have been categorized as fraudulent and hence not permissible. The Prophet (pbh) narrated specific examples to illustrate *Kadhb*. For example, the seller and the buyer have the right to keep or return the goods so long as they have not parted. "If both the parties spoke the truth and describe the defects and qualities (of the goods), then they would be blessed in their transaction, and if they told lies or hide something, then the blessing of their transactions will be lost" (Ahmad, 1995, p. 114). The Prophet (pbh) added further, "The swearing by the seller may persuade the buyer to purchase the goods but that will be deprived of God's blessings" (Sahih-al-Bukhari, 3:296). The Qur'an states, "Those who purchase the small gain at the cost of Allah's covenant and their oaths (they have no portion in the hereafter) (Al-Qur'an 3:77). He said, "... One who sells his (inferior) wares with false oaths" (Sahih-al-Bukhari, 3:301), for such persons there has been ear-marked a painful punishment.

"To hire a salesman to make (unfair) speeches which shall facilitate the sale of goods is forbidden and anything received by the salesman on account of rank and dignity and the (consequent) respect paid to his word when selling products is forbidden" (Al-Ukhuwa, 1938, p. 24). The underlying rationale for this prohibition is to stop all means which will lead to fraud and deception. Sometimes there is no other way of revealing the hidden qualities of the products, but that should not be taken as an excuse for being involved in the art of deception. Furthermore, there is "no harm in praising qualities present in the products if the purchaser could not otherwise be aware of them" (Al-Ukhuwa, 1938, p. 24). Giving a false impression of any kind to promote or sell a

product is strictly prohibited within the Islamic ethical framework of international marketing practices. From the Islamic perspective, a seller as a person who feels accountable to God, will be honest and fair in his marketing activities and only true documents which reveal accurate specifications in terms of quality, contents, etc. will exchange hands. To practice otherwise constitutes disgraceful "dishonorable" and "shameful gain" through pandering, deceit, treachery, theft or injustice (Ibn-Miskawayh, 1968, pp 99-100).

In an attempt to persuade people to buy their products, advertisers are prone to exploit ambiguity, conceal facts by suppressing information that is unflattering to their products, exaggerate by making claim unsupported by evidence, and employ psychological appeal that persuade customers by appealing to their emotional needs and not to reason (Barry and Shaw, 1992). According to Islamic principles, international marketers are required to "disclose all faults in (their) goods, whether obvious or hidden; to do otherwise is to act . . . fraudulently" (Al-Ukhuwa, 1938, p. 42). It is obligatory for the seller to reveal all available and known information of defects to the purchaser which cannot be seen "on the surface" and cannot be found out by the " cursory glance" (Niazi, 1996, p. 196). In addition, it is dictated that - "A sale, without any stipulation, makes it necessary that the thing sold should be free from defect" (Tyser et al., 1967). Marketing disclosure is manifested either by assurance which will be given by word of mouth or in writing, or in some cases silence will mean assurance (Niazi, 1996, p. 197). The Prophet (pbh) expressly condemned all manipulative promotional behavior stating that, "One who cheats (*ghassh*) is not one of us" (An-Nawawi 2:770).

According to Islam, the promotional techniques must not use sexual appeal, emotional appeal, fear appeal, false testimonies and pseudo research appeal, or contribute to the dullness of the mind and/or encourage extravagance. Within the Islamic framework, these methods are unethical since they are utilized purely to exploit the basic instinct of consumers worldwide with a view to gain profits and greater market share. Furthermore, Islamic ethics strictly prohibits stereotyping of women in advertising, excessive

use of fantasy, the use of suggestive language and behavior, and the use of women as objects to lure and attract customers. These Islamic principles of promotional behavior are not mere ideals, but practicable everyday actions as in Saudi Advertising guidelines and sales training (Erffmeyer et al., 1993; Beekun, 1981; Razzouk, 1993) and as shown by the Prophet (pbh) and his disciples. For example, a famous disciple, Jarir always pointed out to customers the flaws in his goods. When told that his business was bound to collapse he replied, "We promised the Prophet (pbh) to deal honestly (in our marketing activities)" (Al-Ukhuwa, 1938, p. 42).

Place: distribution channels

Ethical dimensions of decision-making pertaining to distribution are of great significance in the area of marketing. Physical distribution can be viewed as an integrated collection of information, people, equipment, and organization; and as a process, embracing numerous steps, starting with providing the customer with a means to place an order and ending with putting the product in the customer's hands (Bovee and Thill, 1992). Transportation itself as an element of distribution has undeniable impact on the natural and human environment (Bovee and Thill, 1992). A grim reminder of such an impact is the 1989 Exxon Valdes disaster resulting in millions of gallons of crude oil spilled in Alaska. It is suggested that the impact of this disaster would have been minimized if, for example, double-hulled tankers were used by Exxon. However, usage of such tankers, although more safe, is also more costly. Again, it is not surprising to note that decisions made on the profit maximization principle are not necessarily the most appropriate for the society's welfare. Other cases of unethical practices in distribution include the usage of packaging designs without adequate security and protection for the product, inappropriate packaging, and dangerous and toxic products transported through public highways. From an Islamic perspective, such treatment of customers is unforgivable and equates to unjust marketing practices.

According to Islamic principles, distribution channels are not supposed to create a burden to the final customer, in terms of higher prices and delays. Al-Ukhuwa (1938), for example, identifies, in particular, ethical lapses in distribution channels as those which cause unnecessary delays in their delivery, compelling customers to return repeatedly and thus causing them unnecessary inconveniences (Al-Ukhuwa, 1938, pp. 44, 48). Islam does not prohibit agency representation as a link in the market to facilitate the movement and acquisition functions. Within the Islamic ethical framework, however, the main aim of distribution channels should be to create value and uplift the standard of living by providing ethically satisfactory services.

People

Islam emphasizes the importance of "free" and "independent judgment" on the part of the customer. The ability to think rationally while making any decision relating to international marketing activities is a prerequisite in Islamic law (Ahmad, 1995). The society at large should not be deprived of honest, free from coercion marketing information. A customer's right to acquire such information is his right and is indicative of the status given to him by Islam, as well as of the ingrained rights of his wealth which he spends in purchasing products and services. It is the responsibility of the international marketers not to resort to any form of coercion and they must, under all circumstances, have a regard for the intellectual integrity and a higher degree of consciousness of the consumers to ensure that the hard earned money of customers is not wasted.

Coercion (*Ikrah*) (Al-Qur'an 23:7; 24:33), as defined by Tyser et al. (1967, pp. 149-150), is to compel a person to do a thing without his consent. It follows, therefore, that whenever some coercive force is applied for the purposes of concluding an international marketing deal, the fundamental and vital condition of mutual consent remains unfulfilled and the resultant transaction is unethical and unlawful. The Prophet (pbh) prohibited a transaction concluded

under constraints (or *Bay'al-Mudtarr*) (Ahmad, 1995, p. 126; Tyser et al., 1967). According to Islamic principles, sexual appeal, emotional appeal, fear appeal, subliminal advertising and pseudo scientific claims all have elements of coercion, which render them to be categorized as unethical as a means of marketing. An ethically sound marketing mix, therefore, dictates that customers' decision-making freedom must be protected from all elements of coercion.

Corporate responsibility and accountability

Corporations exist and are supposed to abide by the regulatory institutions within which they operate. Evidence suggests that consumers are becoming less tolerant of the unethical international marketing behavior of MNCs (Roberts, 1996). It is these discriminating consumer attitudes which have led to the concept of corporate responsibility and accountability (Cateora, 1996). In the discussion that follows, these concepts are examined from an Islamic perspective and their applicability to international marketing ethics is explored.

Within an Islamic framework, international marketing responsibilities can be divided into four categories. First is one's responsibility towards God, who created human beings and provided them with resources to utilize to earn their livelihoods. Second is one's responsibility towards society which implies preservation of consumers' rights and products' safety, treating everything belonging to a consumer, his honor, his wealth and his blood as sacrosanct. Third is one's responsibility in respect of marketers' own welfare. Fourth is responsibility towards the environment which is a temporary custody given by God to human beings in order to facilitate their existence on earth. A breach of contract with any one of these responsibilities constitutes a breach of Islamic principles on the part of the individual international marketer. In other words, by being accountable to God, the international marketing executives are accountable towards the society at large. According to the Islamic perspective, accountability is, therefore, a necessary condition of moral obligation; and moral obligation is an

inherent part of acting responsibly. Being responsible means being held accountable.

Within the Islamic context, the existence and inevitability of international marketing accountability is a pre-requisite in ensuring the smooth actualization of international marketing ethics. International marketing executives are, therefore, accountable in how they nurture and impart international marketing knowledge to their subordinates, how they utilize their international marketing skills in suppressing and subduing the rational thinking of consumers, and to what degree they support and respect local cultures and environments.

Related to the concepts of corporate responsibility and accountability is the issue of excessive gains and acquisitiveness. Acquisitiveness (*Takathur*) (Al'Qur'an 102:8, 100:8; 3:14) describes passion for securing greater wealth, higher status and a greater number of adherents (Al-Razi, 1985). Faced with cut throat competition, the whole organizational life span is dedicated to the amassing of wealth by any possible means characterized by monopolizing distribution channels, deceptive advertising and resorting to questionable pricing practices. Islamic principles prohibit and impose restraint on such practices as they represent greed and will lead towards employment of unethical procedures to accomplish these goals. In this context, the role of interest (*Riba*) is paid particular attention.

Interest is a very comprehensive concept which includes aspects related to capital, land, general circumstances and use of laws of nature. In all these aspects, whenever a man claims a private income greater than his equal share of natural powers invested in these resources, he is really claiming interest (Al-Faruqi, 1992, p. 177). "No man has the right to claiming a bigger share since he does not create or generate natural power independently" (Abu-Sulayman, 1976, p. 21). Under this principle, international marketers are not permitted to exploit or to take advantage of prevailing circumstances such as, product scarcity, customers' ignorance and loose regulations on quality standards in any adverse way. Such circumstances can be categorized as natural socio-economic dynamics of society at any given point in time and to exploit them

would be unethical. For the consequences of marketing, interest on the socio-economic development of any society can be perpetuating inequality, disharmony and injustice in that society. "... In reality interest destroys the principle of brotherhood..." (Abu-Sulayman, 1976, p. 16). Manipulating natural laws and circumstances in order to actualize profitable marketing strategies is condemned as a form of exploitation (see also Jamie, 1996).

Corruption and bribery

An adherence to the principles of corporate responsibility and accountability within ethical regulatory institutions necessitates avoidance of corrupt practices. Acts of corruption and bribery may range from subornation, lubrication, gifts, commissions and extortion to kickbacks. However, two elements are common to them all. First, they all constitute an important element of marketing strategies in today's business environment, often seen as short-cuts for gaining market share, or as a means to conform to a socio-cultural demands of a specific target market. Second, they are practiced often at the risk of undermining society's welfare. Furthermore, acceptance of such practices over time legitimizes their existence as they become standard marketing tools at the disposal of the international marketers with the (illicit) costs treated *routinely* by organizations as part of their production costs. These higher costs in turn are passed on to the consumer in the form of higher prices. As a result, the innocent masses not only suffer from sub-optimal goods but also from a greater financial burden.

Since all Islamic principles have at their core the welfare of the wider society, it is this regard for the societal welfare that Islam condemns bribery unequivocally in all its forms whether it represents protecting business interests and/or securing greater profits. The Qur'an and the Prophet (pbh)'s teachings provide clear guidance on corruption and bribery. The Qur'an declares, "... do not eat up your property among yourselves for vanities, nor use it as bait for the judges, the intent that ye may eat up wrongfully and

knowingly a little of (other) people's property (Al-Qur'an 2:188)". While, the Prophet (pbh) is reported to have said that "if you get from the people because of your position, it is bribery. Would you get it if you are not holding that position, or if you stay in your father's house?" In another tradition, the Prophet (pbh) stated, "When I nominate a person from amongst you on some job, and if that person hides even a needle or anything lesser than that from me, then this act will amount to misappropriation; and he will have to produce such thing on the day of judgment. I once more say this that the person whom I appoint to any (public) office must render account of his charge in full" (An-Nawawi). When, an appointed collector of money returned from his duty and declared that part of the collection was given to him as a gift, the Prophet (pbh) said, "I have deputized a person from among you to do some duty. On the completion of his mission that man comes back and says, this is my property, and that has been presented to me as a gift. By God, if anyone of you takes anything without the rights, he will have to face God on the Day of Judgment, with burden of such things" (Choudhury, 1996).

Regulatory institution

The above discussion shows that the principle of justice is the most vehement in its condemnation of commercial and marketing dishonesty (Al-Razi 7:181-182). Islamic justice (*Adl-e-Islam*) dictates upholding a "high standard of straightforwardness", "reliability" and "honesty" in all marketing operations (Al-Qur'an 23:51; 6:114-115; 2:167-168) and demands that the production process be absolutely free from cheating and misrepresentation (Niazi, 1996). *Bakhs*, or to reduce something in an unjust way (Niazi, 1996), is an activity which comprises of confiscation, stealing, taking bribes and other forms of cheating. Islam has forbidden this in strictest possible terms. Unethical marketing behavior (Al-Qur'an 11:15; 72:13; 2:282; 7:85; 11:85; 26:183) comprises short-weighting, short counting, short measuring, over-charging, and over priced products (Al-Qur'an 83:1-3). What

follows is a discussion on the nature of Islamic regulatory institutions that exist to ensure that these ethical and just marketing practices are upheld.

Islamic teachings place great emphasis on international markets' self regulatory mechanism and show great faith in their ability to act as a reliable *moral filter*. Although, such self regulatory approach to international marketing behavior is regarded as the most preferred option, Islam recommends the establishment of a back-up social welfare institution (*Hisbah*), as an additional moral filter in case international marketers do not actualize their ethical marketing behavior. At its core, the overseeing role of this institution is the endogenously ethical transformation of polity-market interrelations (Choudhury, 1996). Such an institution was first established by the Prophet (pbh) himself at the city of Madinah almost 1500 years ago. Over time, however, social welfare departments in Islamic countries have evolved to become agencies for protecting the rights of consumers. Equipped with the necessary administrative and judicial authority to fulfill their role in society (Zaman, 1981), they are now responsible for, among other duties, inspection and standardization of weights and measures, prevention of adulteration of products, exploitation of employees, unsafe working conditions, encroachment on thoroughfares and cruelty to animals (Haq, 1995). In terms of accountability, legal action against those involved in fraud and marketing dishonesty is swift and unambiguous. Those who are found guilty of fraud and dishonesty, should be "punished by imprisonment and expulsion from the market altogether" (Ibn-Taymiya, p. 68).

Managerial implications of Islamic marketing ethics for multinational corporations

The call for a practical global ethical framework is gathering momentum (Stark, 1993; Cavanagh et al., 1995; Robin and Reidenbach, 1987, 1993; Levitt, 1983). Conscious consumer behavior is likely to grow and influence the international marketing production process having an impact

on advertising, product design, channels of distribution and packaging (Roberts, 1996). Whatever the definition of "ethical behavior", evidence from surveys from as far back as the 1970s shows that managers have been in favor of its execution (e.g. Brenner and Molander, 1977; Fortune 500, 1977) and regard it as "good" and beneficial for business in the long term (Fulmer, 1978). More recent support for such policies is reported, among others, by Miller and Deiss (1996). In view of such evidence, we would expect MNCs to adopt an ethical corporate culture without hesitation because it may even help these MNCs to gain a competitive edge globally for two reasons. First, their environmental or social products may have a greater appeal to discerning customers. Two, as people becoming more aware of corporate responsibility, fair dealing, integrity and other higher qualities they will be willing and eager to involve themselves in mutual business dealings (al-Razi, 1985). Yet, despite the recognition on part of consumers and organizations alike to adhere to and operate within, an ethical framework, unethical practices continue to persist, justified in the name of ethical relativism and maximization of shareholders' wealth.

Implications of these findings within the broad context of this study show that when the Islamic perspective is applied to the field of international marketing, it is found to be relevant and effective in developing and maintaining a strong culture of ethical behavior. The solution from an Islamic perspective is simple. If the thrust is shifted away from profit maximization towards value-maximization, a collaborative and value-loaded global order will be created that does not harm the competitive advantage of an organization. Furthermore, Islamic ethical guidelines, as believed by Muslims worldwide, are valid for all times and all cultures since human nature is basically the same. It follows then that an appreciation of Islamic moral and ethical business framework on the part of MNCs will not only help them to shape their strategy to succeed in markets where the Islamic perspective is the hallmark of success, but such guidelines can help to create a global marketing ethical framework for all MNCs. The key elements of the Islamic

ethical framework within this context are summarized below.

1. *Just marketing practices: a value-maximization approach*

At the heart of the Islamic marketing (and business) principle of value-maximization is the concept of *justice* (constituting just dealing and fair play) for the wider welfare of the society. These principles offer a means to create value and elevate the standard of living of people through commercial pursuits, and are based on the belief that decisions based on profit alone may encourage selfish extravagant behavior. The inculcation of extravagant behavior not only has an impact upon changing the conducive cultures, lifestyles, and the customs of the people, it diverts attention from the actualization of higher spiritual objectives of life and leads towards marketing slavery. Islamic ethical guidelines above all respect and ensure individual freedom of both consumers and producers. The Islamic principles dictate that, under no circumstances, do international marketers have an unbridled liberty to exploit their customers and to exercise marketing dishonesty by way of fraud, deceit or other means. To commit such unethical marketing practices is to do *injustice*, which, by definition, negates the very concepts of brotherhood and equality of humanity, concepts that form the core of Islamic vision. An Islamic approach towards marketing ethics will plant the seeds of harmony and provide order in the society as consumers will be perceived as lofty creatures. Hence their rights will be maintained and upheld.

2. *Elements of the marketing mix*

Product. Islamic principles dictate that the production process must be innocent and pure from beginning to end. It should be guided by the principles of lawfulness, purity, existence, and precise determination and ensure that the ingredients have been taken/extracted/obtained from lawful sources. In other words, the production process must be guided by the criteria of the

value and the impact of the product upon the whole society which is to prevent conflict, unjustified profits, fraud, uncertainty and harm to society.

Price. Islam encourages the self-operating mechanism of price adjustments subject to certain prohibitions. These include changing the price without altering the quality and/or quantity of the product; over charging the customer for illicit gain; practicing price discrimination; charging excessive prices as a result of scarcity of supply of a given commodity; hoarding; restriction on trade; unjustified price manipulation; black marketing; and concealment of essential foodstuffs. All unethical lapses in pricing are tantamount to injustice (and are sin) and all profits that accrue as a result are unethical and unjust.

Promotion. Islam obligates the seller to disclose all *known* faults of the product or service and condemns manipulative promotional behavior. It prohibits the seller from falsely glorifying the product; any cover up; false assertions; unfounded accusations; concoctions, false testimonies; deception; inducing people to give their money away through cunningness and craftiness; helping them in their immoralities praising what is vile to satisfy their desires; the use of sexual, emotional, fear or pseudo research appeal; encouraging extravagant behavior; excessive use of fantasy; the use of suggestive language and behavior; and the use of women as sexual objects. Such promotional techniques are considered fraudulent and violate the principle of justice.

Place. Unethical lapses in distribution channels from an Islamic perspective include the usage of packaging designs without adequate security; inappropriate or inadequate packaging; transport of dangerous and toxic products in a manner that exposes the general public to its dangers; unnecessary delays in product/service delivery; compelling customers to return repeatedly causing them inconveniences. The role of distribution channels should be to create value and uplift the standard of living by providing ethically satisfactory services and not to be a burden to the customer.

People. Islamic ethics demand protection and to enable free and independent judgment on part of the customer. Sellers must make available all known information on a product or service to enable the customer to make an informed decision. In fact, access to such information is the customer's right under Islamic law. Any transaction concluded under constraints or coercion is prohibited since the ability to think rationally while making any decision is a prerequisite in Islamic law. Islamic marketing ethics dictate that society at large must have access to honest information free from coercion.

3. Corporate responsibility and accountability

Corporate responsibility and accountability are considered a pre-requisite in fulfilling one's moral obligation under Islamic law. Such an obligation implies that not only are marketing executives accountable towards the society at large, but ensures the smooth actualization of international marketing ethics by prohibiting corporations from making illicit gains. A breach of corporate responsibilities constitutes a breach of Islamic principles.

4. Corruption and bribery

Acts of corruption and bribery are strictly prohibited in Islam since their usage in winning contracts, protecting business interests and securing market share and profits may compromise products and services quality standards. Another overriding concern is that acceptance of such unethical practices over time legitimizes their usage with the illicit costs treated by organizations as part of routine production costs.

5. Regulatory marketing institutions

While self regulation is the most preferred option, Islam does recommend the establishment of back-up regulatory institutions as an additional moral filter in case international marketers do not actualize their ethical obligations. Their

duties include inspection and standardization of weights and measures, prevention of adulteration of products, exploitation of employees, unsafe working conditions, encroachment on thoroughfares, cruelty to animals, legal action against fraud and dishonesty and ensuring the expulsion of the guilty from the market.

Conclusion

The Islamic approach towards business ethics is governed by two sources, the Qur'an and the practices of the Holy Prophet (pbh) which shape and guide the entire Islamic way of life. Since, these Islamic practices are based on divinity and faith, and as Islam does not recognize any division between the temporal and the spiritual dimensions, it can appear, at times, to be in conflict with contemporary Western marketing practices based primarily on profit maximization. According to the Islamic perspective, such pursuits based on satisfying material objectives alone will impede the rational thinking of people and will make them slaves of marketing firms. Islam, above all, respects freedom and offers a means of freeing human beings from all shackles of enslavement including that of international marketers.

Islamic ethical guidelines, based on human nature, encapsulate its spiritual dimension and thus cannot be compared with other artificial manmade, purely physical constraints. Since human nature is basically the same irrespective of time, culture, economic status, race or creed, a global ethical business (and marketing) framework based on the Islamic principles of value-maximization will be applicable for *all* times and across *all* cultures. Islamic principles should serve as an invaluable guide in the formulation of a global ethical framework. According to Islam, unethical marketing practices and their implications in pursuit of profit maximization have tremendous side effects on the socio-cultural and socio-economic welfare of the worldwide society and constitute *Dhulm* (injustice/exploitation/oppression). Islamic business ethics based on value-maximization demand empathy and mercy to God's creations which implies refraining from

doing harm to others and preventing the spread of unethical practices. Adherence to the Islamic ethical framework based on equity and justice ensures the dignity and freedom of people (consumers and producers), their minds, their conscience and their soul from all types of bondage.

Notes

¹ Peace be Upon Him.

² Miskawayh is a recognized Muslim scholar whose theories are rooted in the teachings of the Qur'an and Hadith.

³ Al-Ukhuwa is ranked among the recognized Islamic scholars like Miskawayh.

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