

DETERMINANT CONCEPT OF ETHICAL ISLAMIC BUSINESS PRACTICES AMONG HOUSING DEVELOPERS IN MALAYSIA

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Abstract

The determinant factor of ethical business practices among housing developers play a major influenced to control the attitude and behaviour of the stakeholders involved in the management of housing projects. Ethic practice will be an asset to all parties fairly and impartially. Ethics in fact provides important support to maximize the short and long term business. The development of housing projects also depends on how the determinant factors of ethical business practice of the developers influencing the decision making of housing project progress. Therefore, the determinant factor of ethical business practice among housing developer plays a major role in reducing the problems arise during housing project implementation. However, ethical business can be viewed from the perspective of Islamic and conventional. In the Islamic system, an ethical dealer is required because of the ethical values of trustworthy, honest, compassionate and wise is an exemplary example of the prophet Muhammad. From the point ethical business of Islam, research is seen covering the whole conventional wisdom. Ethical businesses of Islam are based on ethical norms and moral codes of the verses of Al-Quran and Hadith. Thus, Islam emphasizes the relationship between business and religion. Therefore, this paper will discuss the issues related to the determinant concept of ethical business of Islamic perspective among housing developers in Malaysia and explains how housing developers can customize the system of ethical business of Islam in the activities of their daily business.

Keywords: *Concept of Islamic business ethics, Housing Project*

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Introduction

There are many complaints about the abandoned housing project had been received by the Housing and Local Government Department The critical situation had affected the buyer in

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terms of the financial burden, including the repayment of loan instalments and rental payments occupied home buyers. In addition to home buyers likely will be blacklisted by the financial institutions, if they fail to settle outstanding debts will lead to difficult connected home buyers to obtain loan facilities are second (Abu Bakar, 2009). Refers to the statistical category of blacklisted developers, Ministry of Housing and Local Government is shown in table 1 below:

Table 1: Status of private housing development project

No	Unethical Case	Total Developer
1.	Failure to pay the compound	349
2.	Pain project	158
3.	Homebuyer claims tribunal cases	283
4.	Involved installed projects	117
5.	Found without license	83
	Total case unethical:	990

Source: Division of Abandoned Housing Projects Private National Housing Department (Updated on December 31, 2014).

Based on the above table, it shows that among housing projects, there are 349 developers' fails to pay the compound, 158 developers have been blacklisted because of pain project, 283 developers have been blacklisted for homebuyer claims tribunal cases (tribunal), 117 developers have been blacklisted involved installed projects and 83 developers have found without a license. This practice, in fact, has revealed evidence of the lack of business ethics practices among housing developers in Malaysia.

The modern era debate about business ethics among academics, professional associations, public authorities and other relevant organizations were pointed out by Hanafi and Sallam (1997) has found the key. In principle organizational arrangements that are beneficial in both indoor and outdoor environments involving rational and imaginative thought about human behaviour among housing project developers. With a good business, they are able to perform the work ethic by specific norms, moral standards, and the principles of honourable impartial, honest, dignified and with integrity in the performance of work activities implementation of housing projects.

This paper focus to study the determinant concept and approach of ethical business of Islam perspective primarily on housing project. It is essential to qualitatively analyse the importance of ethical business practices for housing projects. When business is a clear purpose and core values and aligning the brand, it is more likely to attract and keep talented people, reduce inefficiencies and stress caused by conflicting messages and also to attract more clients, customers and suppliers who deliver goods to the same high standards. Perhaps more clearly the essential of ethical business practices will help business leaders to implement and practice of good management and business ethics. Therefore, the purpose of

this paper is to discuss the determinant concept of ethical business practices in order to develop ethical business practices of Islam among housing developers in Malaysia.

Literature Review

The idea of ethical business of housing developers is usually discussed in the framework of the rights of clients and good housing and project management (McMahon & Harvey, 2007; Trevino & Victor, 1992). In theory, there are a lot of ethical principles in Islam that originated from the Qur'an and the Hadith of the Prophet Muhammad (peace upon him). However, for the purposes of this paper is to determinant the concept of ethical business practices of Islam among housing developers which only correlate in Malaysia are discussed as follows;

True (*Sidqun*)

Truthfulness is the foundation of Islamic ethics. Islam is, by the way, another name is right. He speaks the truth, and enjoins Muslims to be straight forward and right in the business and their speeches. Islam condemns falsehood and deceit in any form (Ahmad, 1991).

Allah said: *"Oh who believe, fear Allah and say the right things." (33:70).*

Here is an excerpt from the Hadith as in truth:

The Prophet (peace is upon him) said:

"Anyone who has been to strengthen the truth with his tongue, his punishment will continue to grow until the Day of Judgment in which God will pay the full reward." The Prophet (peace is upon him) said:

The Prophet (peace is upon him) said:

"Residents of Paradise are of three types: those that wields authority and is just and equitable; truthful and has been endowed with the power to do good deeds, and those of compassion and kindness toward his brother, and to every pious Muslim, and that does not lend a hand despite having a large family to support." (Sahih Muslim)

Moreover, Islam wants to control the human tendency to greed and love of possessions (Beekun, 1997). Instead, Islam totally rejects the practice of cheating and laziness that led to injustice in the work place (Ali, 1992). In work and business activities, Islam requires to work, truthfulness, not an exception in the non-preferred.

Equilibrium ('Adl)

Islam strongly recommends doing justice in trade and prohibiting unfair or unjust to do. The Prophet sent by Allah to build justice. Woe to those who do cheat, even to those who, when asked for consideration of other people to be met, while they are contemplating if they will lose weight. Dishonesty in business presage the destruction of the business, the key to success in business is trust. The Qur'an commands the Muslims to weigh and measure the right way and not to commit fraud in the form of reduced size and weight. This means:

*"And give full measure when you measure the, and weigh with the true. That is more important (for you) and a better result.
"(Surat al-Isra ': 35).*

In this verse, Allah clearly stressed the need for equilibrium and fair when he labeled Islam as *ummatur wasatun*⁴. In the context of its application in the activities of housing project, the principle of fairness applies both literally and figuratively. The relationship between housing developer, project managers and their project team members, then the principles of justice implies that projects managers should conduct fair and equitable to all project team members regardless of sex, race, physical differences, religious and political beliefs. In fact, the skills, experience and attitude will determine the properties of the potential project work. As reported by Hasanuzzaman, (2003), the absence of fairness in all business dealings with housing developers to bring harm and disturb the peace and harmony, but in the absence of benevolence are not hurting anyone. This is in accordance with (*firman Allah swt*) in which mean:

"O you who believe, you shall be the ones who always uphold the (truth) because Allah, bearing witness with justice. And let not hatred of a people once prompted you to be unfair. Be just as fair closer to piety ". (Surat Al-Maidah: 8)

Benevolence (Ihsan)

Benevolence reflects proficiency and fineness in dealing with others and also defined as an act which benefits persons other than those from whom the act proceeds without any obligation. Benevolence is also frequently repeated in the Qur'an and the Hadith. Allah says:

"Spend your wealth for the cause of God, and be not cast by your own hands to ruin; and do good. Lo! God loves those who behave with ihsan." (2:195).

⁴ Understand the heart as the chosen people and the best, most honorable people and the main, the people who uphold justice (Alhabshi, S.O. (2001)

The Prophet (peace is upon him) said:

“The inmates of Paradise are three types: one who wields authority and is just and fair; one who is truthful and has been endowed with power to do good deeds; and the person who is merciful and kind-hearted towards his relatives and to every pious Muslim, and who does not stretch out his hand in spite of having a large family to support.” (Sahih Muslim)

Thus the benevolence practices are the essential elements to establish a corporate culture that emphasize on achieving physical and spiritual need for employees (Shaharuddin, 2005).

Union (Tawheed)

Union is another fundamental ethical principles of Islam. The essence of union is a sense of accountability that implies a sense of need to appear before Allah and account for one's actions (Manan, 2012). Unions are as liaison to the concept of faith that guided all aspects of Muslim life in the economic, political, social, cultural and emphasizes the concept of homogeneous consistency and regularity comprehensive. From this concept, then Islam offers religious, economic, and social culture by forming a union. On the basis of this view about the ethics and business into integrated, vertical and horizontal forms very important similarities in the Islamic system. The importance of unity widely acknowledge by Scholars and practitioners. According to the study by McKnight and Chervany, (1996) unity or trust enables collaboration happen and main positive interpersonal relationships. Indeed, trust is emphasized in the Quran and Hadith.

“Verily, Allah commands you to make over trusts to their owners it is caused, and that when you judge between mankind, that judge with justice: verily how good is the teaching which He give you! Allah is Hearing, Seeing”. (4: 58).

Therefore, each housing developers responsible for housing project team members and other resources with which he was entrusted. Union is very important because of the need to make a profit and the temptation to enhance the properties of their products or services in a sales pitch (Ali, 1992). All sources of housing business shall be treated as a sacred trust by housing developers.

Freedom (Free Will)

Freedom is an important part of the business ethics of Islam, but freedom is not detrimental to the interests of society. There are no income limits or restrictions for someone and Islam encourage people to be active, creative works, and works with all its potential. Human

tendency to continue to meet the personal needs of the infinite must be handled with the utmost responsibility of each individual and the community through charity and alms *infak*. Housing developers need to practice the philosophy of doing business by being freedom from simulation, hypocrisy, disguise, or false pretense and secureness. Islam has emphasized this code of ethics, as we see in the Quran and Hadith.

Allah said:

"So woe to the worshipers, who are neglectful of their prayers, those who (want but) seen (of men), But refuse (to people) (too) neighborhood needs". (107: 4-7).

There is no room for cheating, swearing too much, lying and false advertising within the framework of Islam in the business. Nevertheless, it is important to note that the Islamic principles of truth and honesty should be followed as matters of policy or business strategy of housing developers. Here is an excerpt from the Hadith as in sincerity:

The Prophet (peace is upon him) said:

"Actions are but by intention and every man shall have but that which he intended. Whoever fugitive unto Allah and His Messenger, and he whose migration was to achieve some worldly benefit or to take some woman in marriage, his migration was for what he migrated. "

Therefore, Islam attaches great importance to the freedom of the intentions and actions in every walk of life. Two benefits can be obtained by employing the freedom in business transactions.

First, it helps to increase worker efficiency implementation. Second, because employees can contribute to a high rate of productivity by speeding up production. In addition, the code of ethics does not encourage the manipulation or exploitation of others for personal reasons (Ahmad, 1991, McClaren, 2012). For that reason, a genuine housing developers are not expected to cheat, harm and take advantage of by others.

Welfare (*Khairat*)

The welfare is defined as actions that benefit others from the result of the act without any obligation. It also means refinement, efficiency or absolute in dealing with others. Along with the concept of justice, the concept of welfare is often repeated in the Qur'an and Hadith.

Allah said:

"Those who spend in ease and adversity, who restrain anger and pardon men; Allah loves those who do nothing compassionate" (3:134).

Therefore, housing developers should make use of the most effective and socially desirable of business resources. Housing project implementation activities should aware not to destruction or harm society or the natural environment. Indeed, Islam emphasizes the role of man on the environment by making him responsible for the environment as the vicegerent of Allah.

Conclusion

Islamic perspective on housing business code of ethics has been presented as a sample from the Quran and Hadith related to the five axioms, namely true, equilibrium, union, freedom and compassion or welfare. It is beyond the ability of researchers to have a comprehensive and all-inclusive coverage of the field of ethics. A previous research has explored attitudes towards ethical business practices in several other countries in the west and finds some traditional beliefs about work practices in different cultures have rejected (Ali & Al-Kazemi, 2007). Therefore, the objective of this study is to present the ethical business ethics of Islam among housing developers in Malaysia. Overall, this study seeks to provide an explanation of how the practice of housing projects to be implemented within the framework of ethical business ethics of Islam. Islamic business ethics are necessary for the housing project and it's been proven to be a valuable business tool in order to identify and resolve the question of business conduct. In terms of research implications, the discussion of this study can provide insight into the suitability of Islamic ethics in the practice of housing developers. However, this study is an eye-opener for practitioners and academics on the importance of Islamic business ethics practices among housing developer in Malaysia. It will at least provide a guideline in promoting how housing project should look like according to Sharia.

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