

BUSINESS IN ISLAM: A REVIEWED ESSAY

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Abstract

The interest of consumer in practicing green marketing has become a norm. Islamic consumer hunger of Islamic marketing approaches. A certain number of articles and books have been written by researcher and author in order to share also distribute knowledge to consumer. This is more likely to protect consumer welfare. In this review essay, the authors propose “4H’s” Consumer Welfare approach which can be practice by Islamic Marketing in the light of Shariah law. Shariah, in layman's terms, is the code of conduct of Islam. It is better known as the religious law of Islam. Shariah law is derived from two primary or revealed sources which are the Quran and Prophetic traditions and one secondary or non-revealed source which is the juristic reasoning or *Ijtihad*. Treating green marketing as a subset of Islamic marketing and not as being independent from the later, this essay seeks to produce a fresh approach of marketing mix (Hoist, Harmonious, Homage and Handy) with an emphasis on consumer welfare, targeting not only Muslim but also non-Muslim consumers.

Keywords

Islamic marketing, Green marketing, Marketing Myopia, Consumer Behavior, Islamic Marketing Mix, Islamic Green Marketing

Introduction

Islam often perceived as an impediment to business activity. Business history in Islam begins long time ago and historically has been favorable to the merchant, beginning with Prophet Muhammad (who has a merchant) and his wife Khadijah (who was also a merchant). Through Shariah concept from the Arabic word which talk about the code of conduct or religious law of Islam. Shariah literally translated, means “the way” or “path”. The Shariah and Shariah compliance is used to refer both to the Islamic System of law and the totality of the Islamic way of life. It deals with many things, including banking, business, contracts, economics, family, hygiene, politic, and social issues.

There are two primary sources of Islamic law believed by Muslim: the precepts set forth in the Quran, and the example set by the Islamic prophet Muhammad in the Sunnah. The commercial law through business itself been said in Qur'an where it contains some details of contract law. In Islam, the law is analogous to the “natural law” of the physical sciences; something to be discovered rather than invented (Ahmad, 1992).

Islam does support business activity as mention in Al-Quran, 9 over 10 of sustenance came from business activity. From business come marketing activities. The marketing activities in Islam had reached East and West Africa also East Asia. It is fair to say that business or trade lies in the heart of Islam. Both the Prophet Muhammad (PBUH) and his wife Khadijah were merchants at the holy city of Mecca. Being a distant and barren inland town and having but a small port of *Shu'ayba*, Mecca grew into a great trading center by somehow forcing trade under its control (Bulliet, 1975). Until now Mecca still one of the centers of commercial activities of the Arabs. Begin with business, continue with marketing and end up with consumer which also can be known as producer.

“It is God Who hath created the heavens and the earth and send down rain from the skies, and with it bring out fruits wherewith to feed you; it is He Who hath made the ships subject to you, that they may sail through the sea by His command; and the rivers (also) hath He made subject to you. And He hath made subject to you the sun and the moon, both diligently pursuing their courses; and the night and the day hath he (also) made subject to you. And He gives you of all that ye ask for. But if ye count the favors of God, never will ye be able to number them. Verily, man is given up to injustice and ingratitude” (Ibrahim 14:32-34).

Islam has no distinction between the religion and life. Law in Islam covers does not only to ritual but in many aspect of human life. General agreement reached in the course of Islam formalization, to the authority of four basic roots: the Qur'an in its legislative segments; the example of the Prophet as related in the Hadith; the consensus of the Muslims (*ijma*), and premised on a saying by Muhammad stipulating. Islam strongly emphasized on the morality codes of conduct in every human behavior and also the aspect of life. Moreover, Islam has also distinguishing ethics of business.

There is also a very effective and popular Islamic business system observed by large number of people all around the world. Lots of European business scholars and related people didn't believe in any kind of ethics in business but Islamic teachings gave different ethical codes of conduct for the betterment of the society. The concept of green in Islam shows that Islam does concern about the environment. Allah (s.w.t) create human to be a leader on earth. Human entails uphold and spread the message of Islam as the noblest and heaviest trust (*amanah*).

Islamic Marketing

The approach of business Islam then continues with Islamic marketing as always a collection of moral responsibilities, a concept that offers morality, sustainability, durability, self-sufficiency, security and adequacy. This is a robust foundation built on top of a harmonized living with the Creator and other creations including all that composes the environment and of course, mankind, it is opposed to, for example, the 'religious' pursuit of heroically prevailing over the others, of piling up figures in a bank book or having better home in a neighborhood, bigger car or better children: of being heroes in our own fallible ways.

Islam could be applied in the realm of modern marketing theory. Though not all of its elements could be applied in Islamic society, modern marketing theory will provide some elements which could be utilized in developing Islamic marketing theory. 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. Although the purpose of Islamic marketing is this "business for profit ", but the importance is given to the satisfaction of customer. Islamic business rules cannot be changed and not amendable by individual or company. Unique rules are forever and for everyone (Damirichi, G., and Shafai, J., 2011).

Waking up from this endless and fruitless acquisition of goods is what we may compare to the acknowledgement of the imminence of death as Sigmund Freud convincingly put it: *'This hardly seems indeed a greater achievement but it has the merit of taking somewhat more into account, the true state of affairs'*. Islamic marketing should appeal to consumers outside the traditional Islamic niche in order to expand although it is tempting to believe that the best measures or rules for business success are a company's current sales and profits; that the right sales and marketing efforts will always get a company more customers and that the company value is created by offering differentiated products and services. Hence, it is only natural that marketers ask themselves, "If consumers use 'Islamic' products, what's in it for them?"

“...As for those in whose hearts is deviation [from truth], they will follow that of it which is unspecific, seeking discord and seeking an interpretation [suitable to them]. And no one knows its [true] interpretation except Allah. But those firms in knowledge say, "We believe in it. All [of it] is from our Lord." And no one will be reminded except those of understanding.” (Ali ‘Imran, 3:7). As humans are social creatures, they tend to interact with each other in multiple ways, what we would describe as *Muamalah*. An Islamic *Muamalah* consists of five major components: *Rabbaniyah* (Godliness), *Akhlaqiah* (righteousness), *Insaniyah* (humanity), *Wasatiah* (equality/balance) and *Waqi'iah* (realisticity). A genuine Islamic marketing puts equal emphasis on all five. This, we would later link to the notion of Islamic Green Marketing. “And prepare against them whatever you are able of power and of steeds of war by which you may terrify the enemy of Allah and your enemy and others besides them whom you do not know [but] whom Allah knows. And whatever you spend in the cause of Allah will be fully repaid to you, and you will not be wronged” (al-‘Anfal 8:60)

Green Marketing

According to W.J. Stanton (1964), marketing is a total system of interacting business activities designed to plan, price, promote and distribute want-satisfying products or services to present and potential customers. The concept of “green” into marketing are refers to holistic marketing concepts. The production, marketing consumption and the disposal of products also services happen in less detrimental manner to environment also growing awareness in sustainability. Green marketing incorporates with a broad range of activities.

The practice of Green Marketing includes marketing mix such as stating the prices, product modification, production process, modifying promotion (advertising), and placement (distribution) process. The activities inevitable where resources are scarce also demands are infinite in a marketplace. Nowadays consumers are more concerned about the environment and lead to changing their pattern behavior as to less committing problem to nature. Green marketing, environmental marketing or ecological marketing consists of all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment (Polonsky, 1994).

It can be happened both individual and industrial about environment-friendly products. At the beginning and in a short term the application of “green” may appear to be expensive, but in the long run it can be prove to be indispensable to nature, advantageous to consumer and cost-wise to industries. This will lead to emerged of green marketing, socially-responsible and sustainable products and services. Green marketing is by right, the product of Islam which survived about 1400 years of human struggle to find the truth by trial and error until they finally come to a conclusion. Like many others, we witness this revolution as a movement of the west, and the Quran regrettably remains as guidance only for religious affairs.

“And remember Moses prayed for water for his people; We said: “Strike the rock with thy staff.” Then gush forth there from twelve springs. Each group knew its own place for water. So eat and drink of the sustenance provided by Allah, and do no evil or mischief on the (face of the) earth” (Al-Baqarah, 2:60).

Interestingly enough, there were twelve tribes of Israel with Moses and God provided water at proportionate amount (not excessive). It is even more interesting to consider how global challenges of rising energy prices, terrorism, climate change, and the environmental consequences of the rapid economic development of China and India, what the Pulitzer Prize-winning author and *New York Times* columnist Thomas L. Friedman argues, could be tackled by active engagement of government policy and industry in “geo-green” strategy, could also constitute ‘doing evil or mischief on the face of the earth’.

Marketing Myopia

Green marketing is about marketing product which presumed environmentally safe. It can be product modification, changes of production process, packaging and as well as modifying the advertising concept to viewer also known as consumer. This marketing concept can be concluding as environmental and ecological marketing. Referring the Myopia by Theodore Levitt (1960) is more focusing on products rather than customer. It is also one of term used in marketing. The myopic culture can pave the way for a business to fail as short-sighted mindset and illusion that a firm is in. this belief would to complacency and loss of sight of what customer want. The industry should re-examine their corporate vision and redefine the market to wider perspectives. It trains managers to look beyond their current business activities and think “outside the box”. The marketers also should look towards the market and modify the company and products accordingly.

In 1960, Harvard business professor Theodore Levitt introduced the concept of “marketing myopia” in a now-famous and influential article in the *Harvard Business Review*. Among others, he warned that a corporate preoccupation’s on their products and their tunnel vision, rather than consumer needs is what leads to corporate failure because consumers select products and new innovations that offer benefits they desire, rather than because they are offered in the market place. Green marketing is about consumer which concern on environmental deterioration as the impact of product on the environment. It also attempts to characterize a product as being environmentally friendly in such a way (Jacquelyn A. Ottman, Edwin R. Stafford, and Cathy L. Hartman, 2006)

Consumer Behavior

Due to important of consumer in business and apart of the marketing success, we ought to talk about consumer behavior. Consumer behavior is a psychological (intrapersonal), sociological (interpersonal) and economical study starting from the search for information to actual purchase (acquisition) to consumption to disposal of goods or services by consumers and to possibility of future purchases that tend to map the why, when, where and how a product is or is not bought. An outcome of this methodology is market segmentation based on customer characteristics relative to product attributes, benefits sought, service quality, buying behavior and more recently, propensity to switch suppliers. Consumer behavior has changed over the years due to market saturation, unemployment, and increase in intensity of competition, power concentration in the market and great changes in value and attitude of the population. These and many more triggered policy adjustments among manufacturers that are intended to satisfy customer needs and acquire new markets.

In Germany, between 1960 and 1990, a 40% decrease in number of retails and a 50% increase in the area of the respective sales floor (meter squared) were recorded. It took only ten years for the number of products to increase by 130%, the number of product varieties to increase by 420% and the product lifecycle to decrease by 80% (<http://www.nzzfolio.ch>). What the consumers are dealing with, nowadays, is an ever-expanding illusion of choice, which, under the influence of money sequence of value, would only benefit the manufacturers. Excessive advertising that tells consumers that they need the products and services that are not ‘Means of Life’ leads to choice blindness. This unsustainable sequence is what led to the environmental and social crises that we are facing today. With the mass production of goods that would eventually, after a predetermined period of time, go kaput, manufacturers are netting more and more money while at the same time, using more and more unrecyclable plastic materials, for example. Instead of investing in prolonging the lifespan of the goods, they are investing in advertising that more frequently than not, involves boundless exposure of the female anatomy.

Islamic Marketing Mix

The marketing mix term coined by Neil Borden in 1953 and been reformulation by his associate, James Culliton (1948) base on earlier idea proposed. He describe the role of the marketing manager as a “mixer of ingredient”, where sometimes follows recipes which prepared by others, or recipe prepares by his own consider as new ingredients where no one else has tried. Marketing mix comes with price, product, distribution and promotion.

Saeed, Ahmad and Mukhtar (2001), mentioned that Islamic marketing ethics based on the principles of justices and equity in Islam differs from secular ethics in many ways. The Islamic Marketing Mix in terms of traditional “4Ps” was talking about the old days of marketing way. As today business more focusing on customer’s perceptive as to get good feedback. The “4 Cs” approach follows the “You” Marketing philosophy of putting the customer - “you” - first. The “4Cs” changes marketing mix definition from Product, Price, and Promotion to Customer Value, Cost, Convenience and Communication. The approach on marketing mix seeks to turn traditional marketing thinking on its head by looking sales and marketing in a customer-centric way. Instead of looking at how each aspect of marketing is seen by the business, you look at these from customer’s perspective (Damirchi, G., and Shafai, J., 2011).

Today a *Product* is depending on what customer want and no longer succeed by making what you want. By focusing on *Customer Value* allows you to reset your perception, such as what is you are creating and bringing to the market as to serve customer needs. The value you provide that will define you in the marketplace. Thinking of *Price* (charge), by simple adjustment once again opens up a new way of thinking about sales and marketing. It is customer dilemma of deciding how to spend limited money to satisfy unlimited wants. You should ask how you can provide more for the same *Cost* (something customer pay) to the customer instead of asking to make more profit from a product.

Nowadays majority of shopping will not take *Place* in shop or through the traditional distribution channels of business. Customers are governed by purchase when, where and how it is *Convenient* to them. Convenience not only allows you to open up to newer ways of connecting with customers and distributing products, but helps to shift mindset of providing an optimum overall experience for customers. It is no longer talking about your right as a business owner but a privilege when customers choose you. A traditional notion *Promotion* replace with *Communication*. This concept is how you define marketing mix from customer’s perspective ties into creating Interactive Marketing Communication. Not only build a good product and expect people buy it but seek to be engaged and have meaningful interactions with you by striving for two-way communication and building relationship as to create customer satisfaction also loyalty.

Damirchi, G., and Shafai, J., 2011 attempt to add new element of Islamic Marketing Mix, (5th P’s) *People*. It emphasizes the importance of “free” and “independent of judgment” on part of the customer. It is about the ability to think rationally while making any decision relating to global marketing activities is a prerequisite in Islamic law. The customer and society at large should no be deprived of honest and free from coercion marketing information. It is customer’s right to acquire such information is his right and is indicative of status given to him by Islam. Coercion or ‘ikrah’ (*Al-Mu’minun 23:7*), as defined by Tyler et al., (1967:149-150), 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 a global marketing deal, the fundamental and vital condition of mutual consent remains unfulfilled and the resultant transaction is unethical and unlawful.

Islamic Green Marketing

E. Jerome McCarthy (1960), is a prominent marketer who proposed a 4P's classification. The new 4H's classification which adapt from 4P's itself is relevant to Islamic Green Marketing (IGM) and suit to Shariah Compliance concept whereby "The Consumer is king" in scope of product and services deliverance. This been discuss in Swedish Match website (www.swedishmatch.com). Nowadays, competition for consumers is increasing form time to time and its never end. While introducing new products and retain consumer interest in existing products, continuous product development is required.

Accordingly, active product development is an important part of Swedish Match's strategy for organic growth. Kenneth Arnström, Vice President International Marketing Smokefree at Swedish Match, works on global strategies for the Group's smokefree products. He believes that consumer insight is becoming increasingly important, in part because consumers are becoming more international than national in the wake of globalization. 4Hs did some changes to the old new 4Ps *Price*, *Promotion*, *Product*, and *Place* into *Price: Hoist*, *Promotion: Harmonious*, *Product: Homage*, and *Place: Handy*.

Figure 1 - Marketing Mix

Hoist (Price)	Harmonious (Promotion)
Homage (Product)	Handy (Place)

The *Hoist* product price should come with reasonable price suit with type of product and depend on consumer needs, ingredient or nutritious also packaging material. *Harmonious* product promotion is the harmony and transparent way in doing promotion. Islam really cares about sincerity in doing business. Nowadays advertising company commonly came out with extra ordinary advertising, full of colors and sound effect but the message is unclear. This is just a matter of convincing consumer to buy the product and services. *Homage* is providing product as to honor the consumer. Not only supply product or services to gain profit, but to satisfied consumer, create consumer relationship and consumer loyalty. *Handy* product is by placing the product at every single outlet. Placing the product and services at handy places, the consumers easily reach it.

Conclusion

IGM can be the best platform for a producer or consumer to practice their business activities. It does care both parties whereby this concept really stress on fairness or equality between consumer and producer as well. Green marketing and marketing myopia also considering and take part in consumers and producers right. The components of Islamic marketing, marketers may utilize *Conditional Stimuli* to evoke rational and creative reflexes among consumers, providing the most of efficiency, cost effectiveness, health, safety, performance and convenience through products and services. The practice of IGM should be accurate with new era consumer behaviors as well as economics development, industrial growth and the practice of Islam in marketing.

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