

## **CHAPTER 2**

# **ISLAMIC BUSINESS ETHICS IN SMALL AND MEDIUM ENTERPRISES (SMES)**

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### **INTRODUCTION**

Currently, many question why the global economy appears so unjust, with huge income and wealth disparities and exploitation all too apparent. Rewards in business are too often unrelated to effort but rather the result of sharp practices (Hasanuzzaman, 2003). The question of ethics has always attracted the interest of scholars and others throughout the history of mankind. In modern times, this question has occupied the attention of many countries, their governments, societies, and corporate communities. Business ethics has thus, become a major issue of debate for academicians, professional associations, civil authorities, and other related organizations (Ullah & Jamali, 2010). This is particularly as important as the controversy in the Malaysian context today as there were also reported cases of unethical practices in religious affiliated institutions like the National Pilgrimage Board (LTH) and others. In the year 2003, top managers in the National Pilgrimage Board were not spared with breach of trust in investment decisions. Such incident demonstrated the extent and prevalence of unethical practices in Malaysia and elsewhere worldwide.

As such, it is the purpose of this article to explore, analyse and synthesise the pertinent verses in the Quran and the Hadith of Prophet Muhammad (P.B.U.H) in order to develop the essential ethics theories in small and medium industries. A specific consideration is given to SME issues because of its significant role in influencing business environment as a whole. The first part of this article discusses on the concept of Islamic