ISLAMIC MARKETING ETHICS: A LITERATURE REVIEW

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ABSTRACT

Islamic ethics refers to specified rules that govern individuals and organizational conduct and seek to insure generosity, openness, and accountability in behavior and actions, while safeguarding societal interests. This study is a descriptive survey research, aimed to discuss the concept of Islamic business ethics with the five elements of the marketing mix.

Keywords: Business ethics, Islamic-marketing mix, Islamic ethics, Religion and business.

INTRODUCTION

Religion is one of the most influential social institutions that is significantly associated with people’s attitudes, values and behaviours. It tells specifically the effects to the organization matters include on the managers and employees’ approaches and decisions. Spilka et al. (2003) asserted that religion plays an inseparable role in numerous forms of human interactions. Religion, as an element of culture, has a great effect on shaping the society and it contributes to individuals’ various decisions, including the buying decisions (Hejase, Hamdar, Orfali and Hejase, 2012).

As a comprehensive religion, Islam governed all aspect of life as an integrated system that clearly stressed on the importance of its values and practices in order to seek Allah’s blessings and mercy. While, in business field, a combination of profit and maslahah (socio-benefit) maximization would bring the business into achieving real success.

Islam is generally conceived as a comprehensive way of life, a worldview that unifies the metaphysical and material and gives structure and coherence to personal existence (Izetbegovic, 1993).

Islamic marketing ethics combines the principle of value maximization with the principles of equity and justice for the welfare of the society (Abdelkader Chachi and Abdul Latiff, 2008). These principles offer a means to create value and elevate the standard of living of people in general through commercial pursuits. Islamic ethics dictate that under no circumstances should marketers exploit their customers or in any way involve themselves in dishonesty, fraud or deceit. Any unethical marketing practice does an injustice, which, by definition, negates the concepts of brotherhood and equality of humanity that form the core of the Islamic vision (Saeed, Ahmad and Mukhtar, 2001). However, ethical behavior means the conducts of marketer which is guided by morality. It is the right way to behave and is
choosing the right and good. Or, ethical behavior is when someone does the best behavior. All they do and speak follow good moral principles (Mohiuddin and Haque, 2012). As an impact of globalization, people (customers) are becoming concerned about fair and ethical marketing practices. Here the ethical behavior may work as a safeguard to the organization (Mohiuddin and Haque, 2012).

Thus, adopting the Islamic marketing ethics ensures that the seeds of harmony are planted and a proper order in society is provided, thereby enhancing the dignity of, and upholding the rights of human beings (Abul Hassan and Abdul Latiff, 2008).

This paper attempts to review the literature on the relationship between Islam ethics and marketing mix.

BUSINESS ETHICS IN ISLAM

Many organizations nowadays realizes the superiority of Islamic business concepts that need to be adopted in business operation (Rafiki and Abdul Wahab, 2014). Islamic business ethics do not allow anyone to purchase stolen goods knowingly either for him or future resale. Islamic values are set of beliefs and morals, a social doctrine and a call to righteousness among all members of organization (Asad, 2007); it is a complete, self-contained ideology which regards all aspects of our existence – moral and physical, spiritual and intellectual, personal and communal – as parts of the indivisible whole which we call “Human life” (Abbasi, Rehman and Bibi, 2010). Islam covers the entire course of life; it is the puissance and motivation for life. Islam differentiates between right and wrong, separates well from bad and extricates righteousness from turpitude. Islam strengthens the morality of individual. Islam not only deliberates the relation between Creator and Human being, but also discusses the relation between man and man and also man and the entire universe (Modudi, 2003).

Islam supports morality and matters that lead to a healthy society, and stands in the way against corruption and matters that lead to it. Islamic ethics prescribe its followers to zealously guard their behavior, words, thoughts, and intentions and observe certain norms and moral codes in their family affairs; in dealings with relatives, neighbors, and friends; in their business transactions; in their social affairs; and in private and public life. The unique feature of the Islamic ethical system is that it permeates all spheres and fields of human life. Islam also has its own distinctive value-based ethical system for business dealings. It prescribes certain specific guidelines governing business ethics, which are dictated primarily by the notion of halal (lawful or permitted) and haram (unlawful or prohibited) as per Islamic jurisprudence (fiqh) (Mohammed, 2013). In Islamic marketing ethics, it is unfair for a salesperson to persuade the customers to purchase products by overstating their attributes which they do not possess in reality (Akhter, Abassi and Umar, 2011). It is also unfair for him to manipulate information or hide some defect or to exaggerate some information related to the product. If he tells a lie or hid something, then blessing of Allah will be lost upon the transaction (Saeed, Ahmed and Mukhtar, 2001; Ahmad, 1995).

MARKETING MIX FROM ISLAMIC PERSPECTIVE

Marketing is one of the most important tools available for an organization to contact its target market. Armstrong and Kotler (2011) contend that today’s marketing is understood as a tool
to satisfy customers’ needs. Accordingly, organizations utilize the functions and the available marketing tools in order to solidify their position and improve their brand name and brand image in the markets they operate in (Hejase, Hamdar, Orfali and Hejase, 2012).

In defining Islamic Marketing ethics, Saeed, Ahmad and Mukhtar, (2001) state that Islamic marketing ethics based on the principles of justice and equity in Islam differs from secular ethics in many ways.

Kotler and Armstrong (2006) explained "an effective marketing program blends all of the marketing mix elements into marketing program designed to achieve the company’s marketing objectives by delivering value to customers". The marketing mix consists of everything the firm can do to influence demand for its products (Abuznaid, 2012).

Marketing mix means a series of marketing instruments that a company uses to achieve its marketing aims in the target market (Alizade, Mehrani and Didekhani, 2014). The importance of marketing mix concept is lauded by Rafiq and Ahmed (1995) who considers it as one of the core concepts of marketing theory.

Marketing mix components may differ according to the perceptions of consumers, consumers behavior, characteristics, culture, religion, politics, and habits. An ethically sound marketing-mix, therefore, dictates that customers’ decision-making freedom must be protected from all elements of coercion (Abul Hassan and Abdul Latiff, 2008). Since Muslims are the fastest growing consumer segment in the world, any company that is not considering how to serve them is missing a significant opportunity to affect both its top- and bottom line growth.

Abul Hassan and Abdul Latiff (2008) made an attempt to analyze the five Ps of marketing ethics within the context of marketing as determined by Islamic ethics. The five Ps are: product, price, promotion, place and people.

**PRODUCT**

The primary objective of the production process is to deliver, elevate and satisfy basic human needs (Abuznaid, 2012). Miller and Deiss (1996) suggest that the main thrust behind unethical decision making in the production of suboptimal products is cost-leadership strategies. In contrast, the Islamic perspective encourages a social and welfare approach rather than a decision based on the profit maximization.

Islamic principles dictate that the production operations must be innocent and pure from beginning to end (Al-Faruki, 1992). The shape of product should not cause any offence to Muslims like having seductive packaging as it is for women underwear, women pads or diapers. They must encourage a social and welfare approach rather than decision based on the profit maximization (Abuznaid, 2012).

Various types of products should be produced to satisfy the needs of differing segments of the population (Ali, 2011). The Islamic perspective incorporates moral and transcendental elements within the production decision-making process in product development and is guided by the principles of Islamic business ethics.

These principles dictate that:
- The product should be lawful and not cause dullness of mind in any form.
- The product should be asset backed.
- The product must be deliverable since the sale of a product is not valid if it cannot be delivered.
- There is a need to identify extra cost-added features that might materially change the product or impact the buyer’s purchase decisions.
- Buyers and sellers are to discharge their obligations, financial and otherwise, in good faith, and should be based on principle of the justice, fairness and equity (Abul Hassan and Abdul Latiff, 2008).

**PRICE**

The price element is the most flexible element of the marketing mix. It should be clear that in Islam taking into account buyers' concerns is not less important than taking into account sellers' concerns. Islam prohibits false propaganda or publicity with regard to price, demand and supply (Abuznaid, 2012). Nevertheless, Islam does not prohibit price controls and manipulations to meet market needs. However, Islam forbids extortion or making high profit at the expense of consumers (Koku, 2011).

Islam sanctions prices that are determined freely in the marketplace. Furthermore, in pricing, Islamic teaching instructs that sellers must be free to decide the selling price as long as it is not intended to harm or deceive buyers.

More importantly, artificially increasing prices harms society and is prohibited (Ali, Al-Aali; 2014). Mortazavi (2004) manifests that Islamic social justice demands regulation of the market to guarantee that prices remain fair in the marketplace: "Therefore, the invisible hand of the capitalist market is supplanted by the visible hand of market regulators in Islamic economics. Capitalism strives for competitive outcomes: competitive markets and competitive market prices. Such outcomes are considered desirable and hence are not subject to government control. In contrast, Islamic economics does not rely on market prices, but strives for fairness in the marketplace." Consequently, to guarantee the fairness in prices, Islam prohibits hoarding, black markets, and the concentration of market power in any form and fashion. That is, there is no room for monopolies, oligopolies, and cartels in Islamic economics. Islam encourages individual exchanges and trade, in general, and that this exchange must be legal, fair, and based on honesty and mutual consent. Therefore, the exertion of force and economic power in business transactions are totally banned.

**PLACE: DISTRIBUTION CHANNEL**

Hirankitti, Mechinda and Manjing (2009) considers place as the ease of access which potential customer associates to a service such as location and distribution. In Islam, marketing decisions pertaining to distribution are of great significance. Thus, decisions regarding distribution of product or service should take into consideration that profit maximization is not necessarily the most appropriate for the society's welfare (Abuznaid, 2012).

The 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. With respect to distribution of product, Islamic institutions adopt the following principles:

1- Not to manipulate the availability of a product for purpose of exploitation;
2- Not to use coercion in the marketing channel;
3- Not to exert undue influence over the re-sellers’ choice to handle a product;
4- Use of packaging designs with adequate security and protection for the product;
5- Appropriate packaging;
6- Not to transport dangerous and toxic products on public highways; and,
7- Not to create a burden for the final customer in terms of higher prices and delays.

Within the Islamic ethical framework, the main aim of distribution channels should be to create value and uplift the standard of living by providing ethically satisfactory services (Abul Hassan and Abdul Latiff, 2008).

**PROMOTION**

Marketing communication about goods and services are not intentionally deceptive or misleading. In Islam, sellers and buyers are accountable to Allah. Both should be honest and fair in their marketing activities. In the promotion of products, there should be no room to cover up promotional behavior or hide any defect in the products (Abuznaid, 2012).

In Islamic ethics, 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 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, and excessive use of fantasy. The use of suggestive language and behaviour, and the use of women as objects to lure and attract customers are also not allowed (Abul Hassan and Abdul Latiff, 2008).

**PEOPLE**

In Islam, there is respect for private property rights which are an essential prerequisite for the Shariah law on an inheritance to be applied, and most Islamic economists view market as the normal vehicle for conducting transactions (Wilson, 2006). Islam emphasizes the importance of "free" and "independent judgment" on the part of the customer. The ability to think rationally while making decisions relating to global 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. This element of the marketing mix dictates that customers’ decision-making freedom must be protected from all elements of coercion (Abuznaid, 2012). Abul Hassan and Abdul Latiff (2008) affirm that "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/her right and is indicative of the status given to him/her by Islam, as well as of the ingrained rights of his/her wealth which he/she spends in purchasing products and services. It is the responsibility of the 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".

CONCLUSION

The paper has identified the importance of understanding the Five Ps of the Marketing-Mix from the Islamic Perspective.

The practices of work ethic generally and Islamic work ethic specifically will increase the level of customer's pleasurable experience in business transaction. Imperatively ethical issue has become communal concern in business environment lately. Likewise, unethical practices will hinder the customer from going again to business organization pay less attention to this issue (Bin Mohd Shamsudin, Bin Mohd Kassim, Hassan and Johari, 2010).

From Islamic perspective, adherence to an Islamic ethical framework based on equity and justice ensures the dignity and freedom of people's minds, consciences and souls from all types of bondage. Marketing practitioners must recognize that they not only serve their enterprises, but they also act as stewards of society in creating, facilitating and executing the efficient and effective transactions that are part of the greater economy. Marketers should embrace the highest ethical norms practicing professional and ethical values implied by their responsibility towards stakeholders, e.g. employees, investors, channel members, regulators and host country (Abuznaid, 2012).

REFERENCES


