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The roles of business firms in protecting natural environment: an Islamic perspective

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Abstrak / Abstract

This paper argues that business firms have fiduciary duties, roles and responsibilities to provide protection to the natural environment as a mean to achieve business sustainability. However, the conventional business argues that the only obligation is to maximize profit within the legitimate means. The study uses an Islamic perspective in managing business, the natural environment and sustainability based on the framework of Islamic Jurisprudence of the environment (\textit{Fiqh al-Bi’ah fi al-Islam}) by Mustafa Abu-Sway, particularly the relationship between human beings and the environment (vicegerency, subjection, and inhabitation). The study used note taking approach in the personal interview with 20 respondents, which comprised five (5) policy makers, 10 business leaders, and 5 community leaders in Malaysia and Thailand. The results of the study showed insignificant difference despite different geographical and political administration between Thailand and Malaysia. Policy makers from both countries were convinced that business sectors should include the natural environmental protection agenda into the business policies as part of the corporate social responsibility. The community leaders from both countries concurred with the policy makers that the business sectors should be more proactive in protecting the natural environment despite the ultimate business responsibility. Nevertheless, business sectors disagreed to burden the business solely with the responsibility to protect the natural environment as the duty to protect the natural environment is collective duties and responsibilities. The feedback from the informants suggest that policy makers, community leaders and business owners should revisit two duties and responsibilities from Islamic perspective to protect the natural environment and business sustainability, namely “subjection” and “inhabitation.” However, the results are not generalizable due to inadequate insights about the duties and responsibilities to protect the natural environment and to gain sustainability in business from Islamic perspective.

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Keywords: Business firms; sustainability; environmental ethics; Islamic perspective

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1. Pengenalan/Introduction

In today’s world, businesses and enterprises have no options but to protect the natural environment in order to maintain and survive in the business world (Sharma, 2000; Adams & Zutshi, 2004) despite the argument against the responsibility to protect the natural environment (Clarkson, 1995; Joyner & Payne, 2002; Friedman, 2007). Friedman (2007) argued that businesses have no other responsibility except economic and legal responsibilities, which is to make profit legally as much as possible. However, when the natural environment is getting bad, businesses are suffering due to climate change (Rondinelli & Berry, 2000; Friedman & Miles, 2001; Adams & Zutshi, 2004).

There have been tremendous efforts initiated by various economic and trade organizations to ask businesses and enterprise to protect the natural environment, but not yet successful (Dowell, Hart and Yeung, 2000). This paper attempts to explore the use of Tawhidic perspective or Islamic monotheism as theoretical discussion for businesses and enterprises to protect the natural environment beyond the need for profitability, people and planet.

The Islamic monotheism provides harmonious linkages between the worldly affairs (al Dunya) and the Hereafter (al Akhirah) in the context of business processes, actions and decisions (Rahman, 1995; Hamid, 1999). The implications for Islamic monotheism naturally direct the obligations to promote goodness and prevent evil (Hamid, 1999). There are a few fundamental principles of Islamic monotheism, which comprised of possession of knowledge (al ‘ilm), true conviction (al iman), and integrity (al ithsan) (Mawdudi, 1991; Laming, 2002; Ismail, 2004). Knowledge incorporates broad concept of goodness (al ma’ruf) that includes noble deed (al khayr), righteousness (al birr) and lawful (halal) which deserve positive rewards (ajr) (Mawdudi, 1991; Qardawi, 2007). Munkar includes bad (sharr), sins (itiham) and prohibited (haram), which are related to corresponding punishment (al ‘idam) (Mawdudi, 1991; Qardawi, 2007).

The discussion of this paper is divided into a few parts. Firstly, the literature review provides a discussion on the social responsibility of businesses and enterprises towards making profit and protecting the natural environment from conventional as well as Tawhidic perspective. Secondly, it provides the methodology section. Thirdly, it summarizes the findings and discussion. Finally, it concludes the study.

2. Ulasan Literatur/Literature Review

The only responsibility of a business corporation is to maximize profitability legally. Entrepreneurs and managers have no other responsibility beyond the economic and legal responsibilities (Clarkson, 1995; Joyner & Payne, 2002; Friedman, 2007). The debates go on to ascertain who is supposed to be responsible to protect the natural environment as the quality of the natural environment is deteriorating in terms of air quality, clean water, and greenery environment (Rondinelli & Berry, 2000; Friedman & Miles, 2001; Adams & Zutshi, 2004; Friedman, 2007).

Businesses are socially responsible to provide protection for the natural environment (Rondinelli & Berry, 2000; Adams & Zutshi, 2004; Lyon & Maxwell, 2008), but the most priority for businesses is to ensure profitability attainment (Friedman, 2007). Businesses and enterprises that are socially responsible different from typical and conventional enterprises because socially responsible enterprises and businesses aim to optimize the value for social ends, for people as well as the natural environment (Rondinelli & Berry, 2000; Adams & Zutshi, 2004; Mair & Martí, 2006).

Indeed, socially and environmentally responsible businesses and enterprises have been modelled on tenets of ‘not-for-profit’ charitable organizations that have attracted human and social capital with pro-social, community-spirited motives, and have engendered survival strategies premised on grant dependency (Chell, 2007). The essence of social entrepreneurship is an innovative voluntarily and the kind of friendship with a combination of goodwill (Weerawardena, 2006). These kinds of entrepreneurs give services to human being with an aim for an inner satisfaction. Businesses have been serious about protecting the natural environment. There are various efforts at the global level to protect the global natural environment through various regional trading blocs such as European Union (EU), North American Free Trade Agreement (NAFTA), Asian Free Trade Agreement (AFTA), the Association of Southeast Asian Nations (ASEAN) and so forth (Steinberg, 1997; Gardiner, 2004; Percival, Schroeder, Miller & Leape, 2009). EU has members from 27 democratic European countries and almost all EU members (except Denmark, the United Kingdom, and Sweden) adopted the euro as the common currency. All EU members signed the Lisbon Treaty in 2007 to safeguard their economic interest in facing global challenges such as climate change, security, energy and globalization. The United States, Mexico, and Canada signed the North American Free Trade Agreement (NAFTA) in 1992. Latin American nations also established economic bloc called Central America Free Trade Agreement.

From resource-based view, protecting the natural environment can be a source of competitive advantage (Russo & Fouts, 1997; Fahy, 2002; Galbreath, 2005). The ultimate aim of a business is to maximize profit within the legitimate means, which is the bottom line of a business (Friedman, 2007). The business greediness to pursue maximum profitability has contributed significant
degradation of the natural environment, global warming and the reduction of greenhouse gases (Rondinelli & Berry, 2000; Adams & Zutshi, 2004; Lyon & Maxwell, 2008). This situation leads to negative consequences to the human and non human well being as well as business sustainability (Aragón-Correa, Hurtado-Torres, Sharma & García-Morales, 2008). Aragón-Correa et al (2008) argued that a business is sustainable when it secures its profitability interest along with protecting the interest of the stakeholders and the natural environment. Hence, policy makers and business leaders formulated policies and programs to protect and preserve the environment from further degradation to protect and preserve business sustainability (Rondinelli & Berry, 2000; Adams & Zutshi, 2004). However, many countries and major industry players are reluctant to participate in the programs (Dowell, Hart, & Yeung, 2000; Sharma, 2000).

Hartman and DesJardins (2011) argued that sustainability should be the main concern of businesses because this paradigm seeks to create new ways of doing business. Its main concern is the Triple Bottom Line approach, namely people, planet and profit. Why is it a must for businesses to have the concern to protect the natural environment?

There are two reasons explain the need to protect the natural environment. Firstly, the bad natural environment gives threat to life, through events like global climate change, species extinction, soil erosion and desertification, and nuclear wastes. All these events are really threatening human life into the indefinite future. Secondly, it also gives threat to others. The eco system of the natural environment is interrelated. If one of the components is not doing well, the other components will also suffering damages.

Hartman and DesJardins (2011) also contended that the natural environmental problem that is polluted due to economic and business activities is considered as economic problems that deserves economic solutions. Fundamentally, environmental problems involve the allocation and distribution of limited resources. However, the market approach is not sustainable as it results in externalities, such as environmental pollution. Since the “costs” of such things as air pollution, groundwater contamination and depletion, soil erosion, and nuclear waste disposal are typically borne by parties “external” to the economic exchange (e.g., people downwind, neighbors, and future generations), free market exchanges cannot guarantee optimal results. In addition, market fails to protect the natural environment when no markets exist to create a price for important social goods. Endangered species, scenic vistas, rare plants and animals, and biodiversity are just some environmental goods that typically are not traded on open markets. With no established exchange value, the market approach cannot even pretend to achieve its own goals of efficiently meeting consumer demand. Thus, markets alone fail to guarantee that such important public goods are preserved and protected. To address the market or business failure to protect the market, the conventionalists suggest the concept of sustainable development and sustainable business practice, which promotes a radically new vision for integrating financial and environmental goals, compared to the growth model that preceded it.

Hartman and DesJardins (2011) proposed a framework uses three goals, namely economic, environmental, and ethical sustainability as “Three Pillars of Sustainability.” This concept also promotes the “circular flow model” which explains the nature of economic transactions in terms of a flow of resources from businesses to households and back again. How the ‘circular flow model work’? Business produces goods and services in response to the market demands of households. Then, these goods and services are shipped to households in exchange for payments back to business. These payments are in turn sent back to households in the form of wages, salaries, rents, profits, and interests. In addition, the payments that are received by households in exchange for the labor, land, capital and entrepreneurial skills used by business to produce goods and services.

Hartman and DesJardins (2011) argued that this concept can help business to achieve sustainability as its long-term strategy due to a few reasons, namely, (a) there is a huge unmet market potential among the world’s developing economies that can only be met in sustainable ways, (b) significant cost savings can be achieved through sustainable practices, (c) competitive advantages exist for sustainable businesses and (d) sustainability is a good risk management strategy.

This study provides an Islamic perspective, that is based on the Tawhidic paradigm or the Islamic monotheism provides harmonious linkages between the worldly affairs (al Dunya) and the Hereafter (al Akhirah) in the context of business processes, actions and decisions (Rahman, 1995; Hamid, 1999). The implications for Islamic monotheism naturally direct the obligations to promote goodness and prevent evil (Hamid, 1999). There are a few fundamental principles of Islamic monotheism, which comprised of possession of knowledge (al ‘ilm), true conviction (al iman), and integrity (al ihsan) (Mawdudi, 1991; Laming, 2002; Ismail, 2004). Knowledge incorporates broad concept of goodness (al ma ‘rif) that includes noble deed (al khayr), righteousness (al bire) and lawful (halal) which deserve positive rewards (ajr) (Mawdudi, 1991; Qardawi, 2007). Munkar includes bad (sharr), sins (ithm) and prohibited (haram), which are related to corresponding punishment (al ‘idam) (Mawdudi, 1991; Qardawi, 2007).
The study offers an integrative framework of business, the natural environment and sustainability from Islamic perspective, with a special reference to the Islamic Jurisprudence of the environment (Fiqh al-Bi`ah fi al-Islam), particularly the relationship between human beings and the environment (vicegerency, subjection, and inhabitation) (Abu-Sway, 1998). Since the nature of the study is explorative, the research design fits into the constructionist research paradigm. The use of qualitative personal interview with the relevant informants provides rich insights to the objective of the study. Mustafa Abu-Sway explained the important topics in Islamic jurisprudence for the environment, namely the epistemological framework, the relationship between human beings and the environment – vicegerency (Khilafah), subjection (taskhir), and “inhabitation” (I’mar), taking care of the environment as an act of faith, the environment is the loci of the signs pointing to Allah, the impact of faith on the environment, the Islamic protection of the environment – human beings, animals, plants, land, water, air, and noise pollution, and the aims of Islamic Shari`ah and the environment.

The epistemology of Islam is under the notion that Islam provides comprehensive way of life, at individual level as well as societal and organizational levels. There are two sources of Islamic epistemology, namely the primary and secondary sources. The primary sources of Islamic way of life are the Holy Qur’an and Sunnah (traditions of the Prophet Muhammad PBUH). The secondary sources are the consultative consensus of jurists (ijma’) and analogy (Qiyas). The responsibility towards the natural environment is also part of the Islamic worldview. The jurisprudence (fiqh) provides an understanding of lawful and unlawful human behavior pertaining to the natural environmental protection (Abu-Sway, 1998). According to Abu-Sway (1998), firstly, it is about vicegerency (Khilafah), which is human role as a vicegerent and also as a trustee of the earth. Thus, it is a vicegerent should not corrupt on earth. In fact, he/she has responsibilities and accountability on any action in this world. The worldly life is a test, to be crowned as the best servant and vicegerent of Allah. In the mean time, it is subjected to observation, action based on Divine instructions and human being as a caretaker of the environment. Secondly, subjection (Taskhir), which uses earth without abuse or misuse; temporal nature. Thirdly, “inhabitation” (I’mar) earth is our habitat, dwell with it and work it out, to establish a balanced way of life. The essence of I’mar spreading, settling all over the earth. If diverts against the Shariah, no longer I’mar. It should benefit humanity and not harm her (cannot pursue projects that destroy the environment).

The taking care of the environment is an act of faith. The protection of environment is also to serve Allah and the worship Him. The task is done for the sake of Allah. The total disregard for the environment, detrimental for the human being, e.g. advocating the protection of every single member of the animal kingdom, leads to endanger the life of human beings. Islam advocates the protection of the environment (bi’ah), does not mean that every component of the environment should be saved. Islam supports the protection of the environment from the greedy behavior of human beings to allow sustainable development.

The natural environment must be protected because the environment is the loci of the signs pointing to Allah. Without the environment, the earth is dead (Qur’an, 36:33). When the environment is destroyed, it is equivalent to get rid of the participants of remembrance (dhikr) of Allah (Quran, 17:44; 13:13; 21:79). The creation points the direction of the Creator, Divine Stamp. There are essential impacts of faith on the protection of the environment. Firstly, Allah provided humanity with sustenance. Thus, we should not worship or associate anything or anyone with Allah (Qur’an, 21:21-22). Secondly, there is a correlation between the behavior of people and the conditions of the environment (Qur’an: 7:96). Thirdly, there is a correlation between natural disasters and disbelief, immoral behavior or a combination of both (Qur’an: 13:13; 17:68-69), e.g. flood destroyed everything. Finally, there is a direct relationship between wrongdoing and calamities (Qur’an, 42:31); committing sin generates corruption (fusad) (Qur’an, 30:41).

3. Metodologi/Methodology

This study used qualitative research method for its data collection due to its aim and nature of the study. The main objective of this paper is to explore the roles and responsibilities of business toward protecting the natural environment as a mean to create and maintain business sustainability from an Islamic perspective. The ultimate aim of a business is to maximize profit within the legitimate means, which is the bottom line of a business. The business greediness to pursue maximum profitability has contributed significant degradation of the natural environment, global warming and the reduction of greenhouse gases.

This situation leads to negative consequences to the human and non human well being as well as business sustainability. A business is sustainable when it secures its profitability interest along with protecting the interest of the stakeholders and the natural environment. Hence, policy makers and business leaders formulated policies and programs to protect and preserve the environment from further degradation to protect and preserve business sustainability. However, many countries and major industry players are reluctant to participate in the programs.

The study offers an integrative framework of business, the natural environment and sustainability from Islamic perspective, with a special reference to the Islamic Jurisprudence of the environment (Fiqh al-Bi`ah fi al-Islam) by Mustafa Abu-Sway, particularly the relationship between human beings and the environment (vicegerency, subjection, and inhabitation). Since the nature of the study is explorative, the research design fits into the constructionist research paradigm.

The use of qualitative personal interview with the relevant informants provides rich insights to the objective of the study. The
study used note taking approach in the personal interview with 35 respondents, which comprised five policy makers, 10 business leaders, and 5 community leaders in Malaysia and Thailand to provide the insights on the roles and responsibilities of business sectors toward protecting the natural environment and whether they are convinced that this approach contributes to business sustainability.

4. Hasil dan Perbincangan/Results and Discussion

This section presents the findings of qualitative personal interview with 35 respondents, which comprised five policy makers, 10 business leaders, and 5 community leaders in Malaysia and Thailand to provide the insights on the roles and responsibilities of business sectors toward protecting the natural environment and whether they are convinced that this approach contributes to business sustainability.

<table>
<thead>
<tr>
<th>Code</th>
<th>Post</th>
<th>Country</th>
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<tbody>
<tr>
<td>PM1</td>
<td>Director</td>
<td>Malaysia</td>
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<tr>
<td>PM2</td>
<td>Deputy Director</td>
<td>Malaysia</td>
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<tr>
<td>PM3</td>
<td>Director</td>
<td>Thailand</td>
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<td>PM4</td>
<td>Director</td>
<td>Thailand</td>
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<td>PM5</td>
<td>Director General</td>
<td>Thailand</td>
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<tr>
<td>BL1</td>
<td>General Manager</td>
<td>Malaysia</td>
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<tr>
<td>BL2</td>
<td>Business Manager</td>
<td>Thailand</td>
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<td>BL3</td>
<td>Managing Director</td>
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<td>Manager</td>
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<td>BL5</td>
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<td>BL6</td>
<td>Branch Manager</td>
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<td>BL7</td>
<td>Finance Manager</td>
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<td>BL8</td>
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<td>BL10</td>
<td>Manager</td>
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<tr>
<td>CL1</td>
<td>Chairman NGO</td>
<td>Thailand</td>
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<tr>
<td>CL2</td>
<td>Village Head</td>
<td>Malaysia</td>
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<tr>
<td>CL3</td>
<td>Chairman NGO</td>
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<td>CL4</td>
<td>Head Task Force</td>
<td>Thailand</td>
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<tr>
<td>CL5</td>
<td>President Resident</td>
<td>Malaysia</td>
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</table>

The informants were asked “in what ways businesses can contribute to protecting the natural environment and sustaining business profitability?” PM1 said that businesses can protect the natural environment by following the business law and establish code of ethics at their respective business organizations.

PM2 stated that businesses are creative and innovative in getting profit, therefore, they are equally capable to protect the environment. PM3 mentioned that the protection of the environment is very important especially in the country that driven by agro-based businesses.

PM4 said that there are many ways businesses can help the society to protect the environment as they used to come out with alternatives on how to attain profit as much as possible.
As for PM5, the protection of the natural environment is part of business activities as they are not isolated from the natural environment. In short, policy makers are convinced that businesses are capable and competent to protect the natural environment as well as maximizing profit.

Business leaders are also supportive of protecting the natural environment. BL1 said that some businesses are directly protecting the natural environment as the core business activity. In the meantime, other businesses are not doing businesses in protecting the natural environment.

BL2 stated that businesses must protect the natural environment, which can be done within the business activity.

BL3 mentioned that business can protect the environment by following the environmental law and campaign such as recycle, reuse and reduce.

BL4 realized that some businesses just ignored the natural environmental protection due to the greediness to get maximum profit at the minimum cost.

BL5 has practiced and participated in the natural environmental protection when the company obtained the ISO certificate related to environmental protection.

BL6 could not disagree with the idea to protect the natural environment, but some education and awareness should be intensified instead of enforcement.

BL7 is very much concerned of the business profitability and any effort that deviated from the business aim is not part of the business’ concern.

BL8 argued that if businesses have to participate in the business of protecting the natural environment, they should change the core business activity.

BL9 further argued that the two sectors require both time and investment to get the return of the investment.

BL10 argued that businesses can protect the environment not individually, but collectively with other business holders as well as other stakeholders.

Community leaders applauded the idea to encourage the business sector to protect the natural environment along with the business activity. CL1 said that some business firms did not bother to follow the environmental law, for example when they disposed industrial waste near the community area and water catchment places.

CL2 also experienced the bad behavior some businesses when they used ‘short cut’ to dump the business waste.

CL3 used to warned businesses in the area not to do the waste disposal near to housing area or river. However, the businesses just ignored the warning. Despite the fines and charges by the law on the business owners, they continued with the same bad habit.

CL4 wanted more education and awareness for business people to be more ethical in conducting businesses. The law and regulations should be detrimental to crime against the natural environment.

The policy makers are supportive of the protection of natural environment together with operating businesses as a mean to sustain the business and the environment. This argument is in line with the resource-based view that argued protecting the natural environment can be a source of competitive advantage (Russo & Fouts, 1997; Fahy, 2002; Galbreath, 2005). However, some business leaders are not convinced because they insisted with the ultimate aim of a business is to maximize profit within the legitimate means, which is the bottom line of a business (Friedman, 2007). Community leaders blamed the business as selfish and tempted to pursue maximum profitability without considering the significant degradation of the natural environment, global warming and the reduction of greenhouse gases (Rondinelli & Berry, 2000; Adams & Zutshi, 2004; Lyon & Maxwell, 2008). The policy makers, some business leaders and community leaders agreed that the unethical behavior of businesses toward protecting the natural environment has contributed to negative consequences to the human and non human well being as well as business sustainability (Aragón-Correa, Hurtado-Torres, Sharma & García-Morales, 2008).

5. Kesimpulan/Conclusion

This section presents the findings of qualitative personal interview with 35 respondents to provide the insights on the roles and responsibilities of business sectors toward protecting the natural environment and whether they are convinced that this proposition or otherwise.
This paper obtained the views of 35 informants, which comprised five policy makers, 10 business leaders, and 5 community leaders in Malaysia and Thailand about the roles and responsibilities of business toward protecting the natural environment as a mean to create and maintain business sustainability from an Islamic perspective. The conventional perspectives argued business is aim to maximize profit within the legitimate means, which is the bottom line of a business. The informants agreed that the business greediness to pursue maximum profitability has contributed significant degradation of the natural environment, global warming and the reduction of greenhouse gases.

However, businesses argued that they have tried to reduce the negative consequences to the human and non human well being as well as business sustainability. In the mean time, the informants also agreed that many countries and major industry players are reluctant to participate in the programs. The suggestion from informants includes to provide more awareness, education, training, positive reinforcement and enforcement. The suggestion is in line with the Islamic Jurisprudence of the environment (Fiqh al-Bi’ah fi al-Islam) by Mustafa Abu-Sway, particularly the relation between human beings and the environment (vicegerency, subjection, and inhabitation).

The overall results of the study showed insignificant difference despite different geographical and political administration between Thailand and Malaysia. Policy makers from both countries were convinced that business sectors should include the natural environmental protection agenda into the business policies as part of the corporate social responsibility. The community leaders from both countries concurred with the policy makers that the business sectors should be more proactive in protecting the natural environment despite the ultimate business responsibility. Nevertheless, business sectors disagreed to burden the business solely with the responsibility to protect the natural environment as the duty to protect the natural environment is collective duties and responsibilities. In fact, business managers have to fulfill economic and legal responsibilities to maximize the value of the shareholders. The feedback from the informants suggest that policy makers, community leaders and business owners should revisit two duties and responsibilities to protect the natural environment and business sustainability, namely “subjection” and “inhabitation.” However, the results are not generalizable due to inadequate insights about the duties and responsibilities to protect the natural environment and to gain sustainability in business from Islamic perspective.

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**Lampiran atau Glosari (jika ada)/Appendix or Nomenclature (if any)**