Islamic Business Ethics: Principles and Contemporary Applications (Fall 2015)
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In the wake of the recent global financial crisis, we are witnessing expanding socially and ethically conscious business initiatives. The rise of Islamic banking and finance, a rapidly growing subset of these initiatives, raises interesting additional questions regarding the ethical dimensions of market activities. This course will consider the application of Islamic ethics, spirituality, and jurisprudence to earning, consuming, and investing, and in building community. In particular, we will study stakeholder theory, concepts of sustainability, environmental conscious and animal welfare, labor, and halal markets. Further, we will examine contemporary Islamic finance, particularly Islamic home finance in the U.S., the landmark Dow Jones Islamic Market Indexes Fatwa, and producing community impact through capital/ opportunity generation. Finally, we will explore debates of form and substance, maslahah (welfare) and the objectives of the Shari’ah, and responsibility and impact throughout the course.

Please note that this is an online course. We do, however, have 2-3 face to face classes planned for which attendance is recommended. Details regarding each are set out below. I think it will be worthwhile for us to meet in person and to have opportunity to discuss class material and any questions or ideas you may have in person. I am of course available otherwise. I can be reached on email at u@moghuls.com or +1 646 821 5837. I will make myself available upon request with advance notice.

Required Texts:


Other readings will be made available at the Hartford Seminary Library or online.

Recommended Readings:

Recommended readings are organized following the next section.
Course Schedule

Please note:

1. You should complete the readings in the order listed.
2. All times given refer to U.S. Eastern time.

Session 1: Introductory Matters (September 8, 2015 – September 13, 2015)

Intended Outcomes:

The ability to describe contemporary Islamic Finance industry itself and in the context of the global responsible financial markets.

Deadlines:

- Threaded Discussion, "Introduce yourself", will be open on Tuesday, September 8 and close by 6:00 pm Friday, September 11.
- Threaded Discussion: This Session will be open on Tuesday, September 8 and close at 9:00 pm Saturday, September 13.

Required Readings:


Session 2: Earning and Consuming, Ethics and Economics (September 14 – 19)

Intended Outcome:

Understanding some Islamic ethics and spiritual notions relating to earning and consuming.

Deadlines:

1. This Session will be open on Monday, September 14, and close at 6:00 pm Saturday, September 19.
2. Recommended face to face class: September 17, 6PM. To be confirmed.

Required Readings:

1. Abu Hamid al-Ghazali, The Book of The Proprieties of Earning and Living (Kitab
Adab al-Kasb wa-al-Ma’ash), Translated by Adi Setia, Pages 7-18; 106-117.

**Session 3: Stakeholder Considerations (September 20 – 27)**

**Intended Outcome:**

The ability to identify stakeholders with either a right or obligation and contextualize them within an economic setting.

**Deadlines:**

1. Threaded Discussion will be open on Sunday, September 20 and close at 6:00 pm Friday, September 25.
2. September 26: Quiz #1.

**Required Readings:**

1. Askari, et. al., Globalization and Islamic Finance, Pages 11-25.

**Session 4: Substantive and Procedural Principles (September 28 – October 7)**

**Intended Outcome:**

The ability to explain certain noteworthy Islamic financial-legal-ethical principles.

**Deadlines:**

Threaded Discussions open September 28 and close October 7, 6 PM.

**Required Readings:**

**Topic 1 – Riba:**

http://www.albalagh.net/islamic_economics/riba_judgment.shtml.

Topic 2 - Gharar:


**Session 5: The DJIMI Fatwa: Opening Markets (October 8 – October 13)**

**Intended Outcome:**

The ability to explain the actual and potential role of fatwa and their potential impact, and to understand a contemporary view of Islamic legal-ethics towards public equities.

**Deadlines:**

1. Threaded Discussions open October 8 and close October 13, 12 PM.

**Required Reading:**

The Dow Jones Islamic Market Indexes, Statement by the Shari‘ah Supervisory Board.

**Session 6: Three Nominate Contract Forms (October 14 – October 22)**

**Intended Outcome:**

The ability to understand three basic contract forms, as classically envisioned and as applied contemporarily in structuring transactions and products.

**Deadline:**

Threaded Discussions open October 14 and close October 22, 6 PM.
Required Readings:

**Topic 1 - The Contract of Murabaha (Cost Plus Mark-up Sale):**

2. Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Shari’ah Standards No. 8, Murabahah to the Purchase Orderer. *Please note that the entire work of AAOIFI Standards is available at the UConn Law Library.

**Topic 2 - The Contract of Ijara (Lease):**

2. AAOIFI, Shariah Standards No. 9, Ijarah and Ijarah Muntahia Bitamleek.

**Topic 3 - The Contract of Shirkah (Partnership):**

2. AAOIFI, Shari'ah Standards No. 12. Sharika (Musharaka) and Modern Corporations.

**Session 7: Wholesale American Islamic Finance (October 23 – October 29)**

Intended Outcomes:

The ability to describe contemporary wholesale Islamic finance structures within the context of the laws and customs in which they take place and to consider the same in light of Islamic ethics/ spiritual concepts.

**Deadlines:**

Threaded Discussions open October 23 and close October 29, 6 PM.

**Required Readings:**

Session 8: Contemporary Islamic Home Finance in America (October 30 – November 4)

Intended Outcomes:

The ability to describe U.S. home finance structures and consider their merits with reference to Islamic ethics – and ethics and morality generally.

Deadlines:

Threaded Discussions open October 30 and close November 4, 6 PM.

Required Readings:


Session 9: Halal Markets (November 5 – November 10)

Intended Outcomes:

To appreciate the ethical and spiritual – and business – concerns arising in the development of halal globally.

Deadlines:

1. Threaded Discussions open October 23 and close October 30, 6 PM.
2. Recommended face to face class November 9. To be confirmed.

Required Readings:


Session 10: What About Social Responsibility? (November 11 – November 18)

Intended Outcomes:

To intelligently discuss whether Islamic finance principles and the contemporary Islamic finance industry are socially responsible.
Deadlines:

1. Threaded Discussions open November 13 and close November 20, 6 PM.
2. Quiz #2:

Required Reading:


**Session 11: Labor & Welfare (November 30 – December 4)**

Intended Outcomes:

To appreciate the spiritual place of work in Islam and the rights and obligations of workers.

Deadlines:

Threaded Discussions open November 30 and close December 4, 6 PM.

Required Reading:


**Session 12: Impact: Waqf & Community Development (December 5 – December 11)**

Intended Outcomes:

To design solutions for the financial sustainability of community and community institutions.

Deadlines:

Threaded Discussions open December 5 and close December 11, 6 PM.

Required Readings:

(1990), Pages 68-91 (Chapter 5, entitled ‘A Shift of Mind’).

Session 13: Macro Analysis: Returning to Spirituality, Ethics, and “Substance”? (December 12 – December 17)

Intended Outcomes:

To assess contemporary financial methods, Islamic and otherwise, in light of Islamic spirituality and ethics – and in light of Islamic law – and consider practical solutions thereto.

Deadlines:

1. Threaded Discussions open December 12 and close December 17, 6 PM.
2. Recommended face to face class December 15. To be confirmed.

Required Readings:

2. Al-Ghazali, The Lawful and the Unlawful, Pages xxvii (paragraph beginning “Let us...”) – xxviii (until paragraph ending with “transparency.”)

Final Exercise – To be Distributed by December 17 and due December 22, 11:59 P.M.
OPTIONAL READINGS

Introductions to Islam

• Martin Lings, Muhammad: His Life Based on the Earliest Sources (1994).

Introductions to Islamic Law and Related Disciplines

• Khaled Abou El Fadl et al., The Place of Tolerance in Islam (Joshua Cohen & Ian Lague eds., 2002).
• Ahmad Hasan, Analogical Reasoning in Islamic Jurisprudence (1986).
• Imran Ahsan Khan Nyazee, Theories of Islamic Law (1994).
• Umar F. Moghul, Approximating Certainty in Ratiocination: How to Ascertain the ‘Illah (Effective Cause) in the Islamic Legal System and How to Determine the Ratio Decidendi in the Anglo-American Common Law, 4 J. Islamic L. 125 (1999).
• Mohammad Hashim Kamali, Equity and Fairness in Islam (2005).

Introductions to the Qur’an

• Ingrid Mattson, The Story of the Qur’an: Its History and Place in Muslim Life (2007).

Introductions to the Hadith/ Sunnah

Introductions to Islamic Finance


Contemporary Shari'ah Compliance Issues


Property and Contracts


Contemporary Islamic Finance Issues

- M. Neiatullah Siddqui, Social Dynamics of the Debate on Default in Payment and Sale of Debt.
• Michael McMillen, RAHN CONCEPTS IN SAUDIA ARABIA: FORMALIZATION AND A REGISTRATION AND A PRIORITIZATION SYSTEM.

The 2007-2008 Global Financial Crisis

• M. Umer Chapra, Financial Stability: The Role of Paradigm and Support Institutions.

Murabahah & Tawarruq

• Dr. Salman Khan, Organised Tawarruq in Practice: A Shari’ah Non-Compliant and Unjustified Transaction, New Horizon (Oct.-Dec. 2010).

Tax Issues

• Brett Freudenberg and Mahammad Nathie, The Constitution Of Islam: Are Tax Reforms Possible To Facilitate Islamic Finance, Revenue Law Journal, Vol. 20, Issue 1, Article 5 (June 1, 2011).
• Kevin Conway, Taxing Issues, Islamic Business and Finance (September 2010).

Other Contracts/ Financial Structures

• Muhammed Al-Amine, Istisna' in Islamic Banking and Finance: Law and Practice (2001).
Sukuk & Securitizations

- Michael J. T. McMillen, An Introduction to Shariah Considerations in Bankruptcy and Insolvency Contents and Islamic Finance’s First Bankruptcy (East Cameron).
- Muhammad al-Bashir al-Amine, Sukuk Market: Innovation and Challenges.

Risk & Derivatives

- Arbouna, Rate of Return Risk Management in Islamic Finance: Challenges and Propositions.
Insurance (Takaful)


Islamic Finance in the “West”

- Kilian Balz, Islamic Financing Transaction in European Courts.

Contemporary Issues, Challenges, and Criticisms

- Ayub, Understanding Islamic Finance, Chapter 17.

Islam, Islamic Finance, & Sustainability/ Responsibility


• Ahmed, Habib; Mohieldin, Mahmoud; Verbeek, Jos; Aboulmagd, Farida Wael, On The Sustainable Development Goals And The Role Of Islamic Finance (May 15, 2015), available at: http://www-wds.worldbank.org/external/default/WDSContentServer/WDS/IB/2015/05/15/090224b082e882eb/1_0/Rendered/PDF/On0the0sustain0e0of0Islamic0finance. pdf. [To be inserted description]


• G. Forte & F. Miglietta, A Comparison of Socially Responsible and Islamic Equity Investments, J. MONEY, INV. & BANKING, May 2011.

• Salma Sairally, Evaluating the ‘Social Responsibility’ of Islamic Finance: Learning From the Experiences of Socially Responsible Investment Funds, 1 Advances Islamic Economics & Finance 279 (2007).

Grading Policies

In addition to the policies and procedures of the Hartford Seminary including without limitation as set forth here: http://www.hartsem.edu/current-students/policies/ and updated and made available from time to time, please review the following specific grading rubrics and policies for this course:

Threaded Discussions

Purpose

Threaded Discussion allows students and the faculty member to engage each other in what would typically be "classroom" discussion. It is also one way for students and the faculty member to assess mastery of the session outcomes.

Parameters

You should expect approximately 2 to 5 primary questions or comments posed by me per session at the outset and across each Session, with approximately 2 to 3 substantive responses by you per session. I expect that this will vary somewhat from Session to Session.

Substantive Postings

Threaded Discussion is open only for the dates/ times listed above. Only "substantive postings" will receive credit.

• You have to make a valid attempt to answer a discussion question, post something that relates to course content, or ask a well articulated question of significance. You cannot just say something like "I agree" or "That's a good answer" or ask a simplistic question. There is no length requirement.

• You should engage in each discussion, reply to questions - whether directed at you or the class generally, whether asked by the professor or any student.

• The quality and not just quantity of your post(s) is what is important. To make the class discussion board useful, students should keep in mind that others are not interested in reading unnecessarily lengthy postings!

• Feel free to ask questions about something in the reading or other assignment which you did not quite understand or which came to mind as a result of our assignments and discussions - or a contemporary event. Feel free to express agreement and disagreement, respectfully and sincerely of course, with assignment content and one another.
• Let's make these discussions interesting, informative, and dynamic.

Posting Evaluation Criteria

Student contributions to the Threaded Discussions will be evaluated according to the following criteria:

• Clarity
• Conciseness
• Logical flow of ideas
• Analytical thinking
• Mastery of critical concepts
• Sophistication of argument

Grading

To earn 9 to 10 points, you must have:

• Demonstrated leadership in discussions
• Posted regularly during the assignment
• Replied to the main topic; substantially enhanced the quality of discussion (e.g., illustrated a point with examples, suggested new perspectives on issues, asked questions that helped further discussion)
• Kept your posting concise
• Replied to other students on a regular basis in a relevant and constructive way
• Read and considered a substantial number of other postings before responding (as indicated by, among other things time between postings)
• Referenced other research (when appropriate) and generated follow-up responses from other students
• A useful way of approaching the discussion boards to maximize your contribution and performance is to ask yourself: "Is there a way to get others to respond to me or perhaps to get others to use my post in their posts by (1) thinking of an example or analogy that would make the point more concrete, (2) raising a question relating to this point that would cause others to react, or (3) doing some additional research related to the point and bring it into the discussion?" Any of these three would be a way to take a leadership role that would cause others to react to your post and generate a richer thread

To earn 6 to 8 points you must have:

• Replied to the main topic; enhanced the quality of discussion (e.g., illustrated a point with examples, suggested new perspectives on issues, asked questions that helped further discussion)
• Read and considered a substantial number of other postings before responding (as indicated by, among other things time between postings)
• Kept your posting concise
• Replied to other students on a regular basis in a relevant and constructive way
• Referenced other research (when appropriate) and generated follow-up responses from other students

To earn 3 to 5 points, you must have:

• Posted main topic information
• Replied to one other student posting
• Demonstrated no depth of presentation (e.g., posting not on topic or only tangentially related to topic)
• Not kept postings concise
• Posted infrequently postings or failed to consider other postings
• No constructive comments to help class discussion
• Made postings too late in the discussion board to contribute to meaningful discussion

If you fail to participate in the threaded discussion, you will automatically earn a score of zero (0).

Posting Etiquette: Do's and Don'ts

I reserve the right to add to this list as the class moves forward, but here is a list of posting Do's and Don'ts:

• Don't use all capital letters. Doing so means you are yelling!
• Don't use all lower case.
• Do compose your posts using proper grammar. (Hint: Prepare your posts as if your boss, the partner-in-charge, or a paying client of the office will be reading it!)
• Don't start a new thread when you are actually replying to a previous post.
• Do be specific when you ask a question. Don't say "I don't understand investigative discourse analysis. Can anyone help?" Articulate exactly what you don't understand about investigative discourse analysis!
• Don't use posts just to say "Thanks" or "You're Welcome." I know it would be polite to do so, but I've seen discussion boards get overwhelmed with these posts. (For those of you who are mannerly: when you ask a question, say something like "Thanks in advance!" at the end of the post.)
• Do quote previous posts when replying to a previous post. Don't, however, use more of the previous quote than is necessary (e.g., if you are responding to only part of a question just quote that portion).
Quizzes

Purpose

Quizzes are intended to let students assess their individual understanding of the material. Information contained within the Readings and Media and discussed within the Threaded Discussions ensure a level of knowledge that will be needed to successfully construct the Real Estate and Private Equity deliverables. In short, DO the readings and actively participate in the Threaded Discussions before taking the quiz.

There will be two quizzes arranged according the following sequence:

Quiz 1

This traditionally formatted short answer quiz will cover materials engaged for Sessions 1, 2, and 3.

This quiz will begin and must be completed and submitted at the time and date indicated above. It will consist of short answer questions only.

Quiz 2

This shared investigation quiz will cover materials engaged for Sessions 4 through 9. The intention of this design is to require students to assume responsibility to dig deeper into the material in order to contribute together and receive a more complete comprehension as a class.

Instructions for Quiz 2

1. Each student will create two (2) questions drawn out of any of the required readings of Sessions 4 through 9. Each student must provide for each question its respective correct answer and, an alternative, but incorrect answer.

2. Each question and answer set needs to include proper citation for verification (i.e., to what reading does the question relate). Each answer must be labeled as "correct" or "incorrect."

3. Each student will then send their two (2) questions with their respective four (4) answers to the professor.

4. The professor will then reply to the student's e-mail accepting or rejecting question(s) and/or answer(s).

5. Grounds for rejecting a question are: If the question(s) are not suitable, if someone has already e-mailed your question(s), or if four questions have already been accepted
for any single resource (the professor will maintain a threaded discussion that will identify which resources are no longer viable for new questions).

6. If a question is rejected, the student must create a new question(s) and answer(s) and run it through the professor again. In effect, this is "a first come, first serve" basis.

7. The deadline for this assessment is posted in the Class Schedule.

8. This Quiz will be comprised of approximately 80% of questions submitted by students and approximately 20% submitted by the professor.

Note: The effort behind this approach is to prevent everyone from providing their contribution at the last minute, and to increase participation with helping each other to collectively learn the material. The longer you procrastinate, the more likely you will spend more time to generate unique question and answer sets.

Evaluation for Quizzes

Quiz 1

Each student will have the opportunity to earn 100% on this quiz for a total of 10 points. If you fail to submit your quiz on time, you will earn no points. Your grade will be based on the accuracy of response, including both completeness and precision.

Quiz 2

Each student will have an opportunity to earn 100% on this quiz for a total of 50 points. If you fail to timely provide your contribution or do not contribute at all, you will have twenty (20) points automatically deducted from your Quiz 2 grade. Twenty (20) of the possible fifty (50) points are earned by clearly and accurately answering the questions posed in the Quiz.

To earn the remaining thirty (30) points the following criteria will be used:

• You must provide unique questions.
• You cannot duplicate a question that someone else has provided (although if you correct this error in a timely manner, having done so will not count against you.)
• You cannot use a question that has been posed in the reading material.
• You must create questions that possess some heft, is synthesized from the material, and that requires some level of rigor to engage the material to answer it.
• You cannot just take a sentence from the material and turn it into a question
• You must make a valid attempt to provide a complete answer to your question(s).
• You cannot just provide a single word or sentence as an answer.
• You must provide some explanation as to "why" your answer is appropriate to the question and why your incorrect answer is incorrect.
• You cannot just "cut" and "paste" language or sections from the material.
• You cannot just take a sentence from the material and turn it into a answer.
• You must clearly and accurately answer the questions posed in the Quiz.

**NOTE:** Each question must be substantially different from the other. If a question you are thinking of submitting seems too close to your other question, it probably is. There is enough material to overcome the need for duplication. Remember, I will be pre-screening.

**NOTE:** I expect answers to be substantial enough to answer the question. Ultimately, what I am looking for is evidence that you are engaged in learning the course material.

**Final Exercise**

For the Final Exercise, I will send you each an e-mail with a memorandum containing instructions to complete this assignment. This exercise will cost of medium to long answer questions where I may pose a fact pattern or problem for you to address using the concepts we have learned in class and other areas of expertise, if you think them appropriate.

1. You must work individually.
2. Your final submission must be made in Microsoft Office/ Word or Apple’s Pages.
3. You are free to use whatever sources or materials are appropriate, and should cite them, as appropriate, in addressing the questions and problems.
4. Submit the document by attaching it to an email to the professor.
5. The start and end times for this exercise are set forth above in the Class Schedule.

This final exercise is worth one hundred (100) points, will be evaluated according to the following criteria:

- Mastery of the course material and concepts
- Sophistication of ideas and or argument
- Clarity of answers, argument, and organization
- Mistakes in grammar, spelling, etc.

**Grading:**

- **90 - 100 Points** - demonstrates complete understanding of the task and relevant principles and concepts; final product is complete, theoretically viable and practical or nearly so; presents and addresses concerns of client and vis a vis about compatibility of product with Islamic law; requirements of the task are included or near complete.
- **80 - 89 Points** - demonstrates considerable understanding of the task and relevant principles and concepts; all requirements of the task are included, but the final product is lacking in its theoretical or practical viability in some manner.
- **70 - 79 Points** - demonstrates a fairly incomplete understanding of the task and relevant principles and concepts. Most requirements of the task are included, but the
final product is lacking in its theoretical or practical viability in some material manner.

- 60 - 69 Points - demonstrates poor or vague understanding of the task and the relevant principles and concepts. Many requirements of the task are excluded, and the final product is lacking theoretically and practically in a generally material manner.
- 0 - 59 Points - demonstrates little to no understanding of the relevant principles and concepts and client parameters. Many of the requirements of the task are missing, or the task was simply not attempted.