

Business Ethics

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LETTERS ON BUSINESS ETHICS

We enclose the following letters, each written on behalf of the Universal House of Justice to a National spiritual Assembly, concerning this subject.

- * A brief compilation entitled "Business Ethics" prepared by the Research Department at the Baha'i World Centre;
- * A copy of a letter dated 7 December 1995 written on behalf of the House of Justice to a National Spiritual Assembly regarding standards of moral probity in business dealings;
- * A copy of a letter dated 22 November 1981 written on behalf of the House of Justice to a National Spiritual Assembly;
- * A copy of a letter dated 28 October 1985 written on behalf of the House of Justice to a National Spiritual Assembly.

With loving Baha'i greetings,
The International Teaching Centre

Enclosures 4

CC: Board of Counsellors in Australasia (by email) 7 December 1995

Transmitted by fax:

The National Spiritual Assembly of the Baha'is of ...

Dear Baha'i Friends,

Standards of moral probity in business dealings

The Universal House of Justice was very sorry to learn from your faxed letter of 28 November 1995 that the ... Baha'i community is still troubled with the questionable business practices of certain of the friends and the gossip and backbiting which magnify these problems, undermine the unity of the community and bring the good name of the Faith into disrepute. We have been instructed to send you the following reply.

There are a number of distinct elements in the problems you describe. The most basic requirement is for Baha'is to be obedient to the law of the land. There can be no excuse for Baha'is who consciously violate the provisions of the law, whether this be the law governing commercial dealings, tax law or any other kind of civil law. However, it is not the duty of the Spiritual Assemblies to enforce obedience to the law of the land. They do not have the necessary training to be able to distinguish the niceties of the law or to make rulings in that regard.

Beyond obedience to the civil law, Baha'is have a higher standard to which they should aspire. This is expressed in one of the Tablets of 'Abdu'l-Baha in which He writes:

O army of God! Through the protection and help vouchsafed by the Blessed Beauty--may my life be a sacrifice to His loved ones--ye must conduct yourselves in such a manner that ye may stand out distinguished and brilliant as the sun among other souls. Should any one of you enter a city, he should become a centre of attraction by reason of his sincerity, his faithfulness and love, his honesty and fidelity, his truthfulness and loving-kindness towards all the peoples of the world, so that the people of that city may cry out and say: 'This man is unquestionably a Baha'i, for his manners, his behaviour, his conduct, his morals, his nature, and disposition reflect the attributes of the Baha'is.' Not until ye attain this station can ye be said to have been faithful to the Covenant and Testament of God. For He hath, through irrefutable Texts, entered into a binding Covenant with us all, requiring us to act in accordance with His sacred instructions and counsels.

Selections from the Writings of Abdu'l-Baha (Haifa: Baha'i World Centre, 1982), pp.70-71.

Apart altogether from the question of being law-abiding is that of accepted business morality. This has much to do with conventions such as the point in a negotiation at which a contract is considered sealed and after which any attempt to change the agreement is considered dishonest. This conventional business morality varies from country to country and even from one area of the market-place to another. Thus, a course of action which is accepted without demur in one circumstance is regarded as highly reprehensible in another. In this area there is much room for disagreement and backbiting. The friends should recall the above words of 'Abdu'l-Baha, and His wish that the Baha'is should be so outstanding in the quality of their behaviour that their characteristics are universally praised as being typical of Baha'is. How much better this is than for a Baha'i businessman to indulge in behaviour which, although legal and even conventionally acceptable in some places, calls forth the reaction from the non-Baha'i public that "So-and-so is not straight in his dealings, but what could one expect, after all he is only a (whatever his nationality or background)".

The above standard of morality is a very high one, and it is certainly not the duty of a Spiritual Assembly to pry into the business activities of all the friends to ensure that they are striving to live up to it. However, whenever the behaviour of a Baha'i causes damage to the good name of the Faith--that is to say, when the behaviour is blatantly immoral--the Assembly should intervene and counsel the friend in question, as it would do in any other case of violation of Baha'i principles.

The Universal House of Justice has received your telex ... of 26 October 1981 and has instructed us to convey to you the following reply.

It is regrettable that there is such an increase in business disputes between believers in ... but this does provide your Assembly with experience in dealing with such matters. The House of Justice does not wish to lay down specific guidelines for the solving of such problems beyond those which are already apparent in the spiritual and administrative principles of the Faith. There are a number of methods which an Assembly can use. It can adjudicate a dispute

itself, appoint a committee or committees to assist it, make use of arbitration committees, etc. Your Assembly already has some experience in these matters and the House of Justice is sure that you will gradually be able to improve your methods. Assemblies and committees must, of course, take care not to attempt to render decisions on technical matters that are beyond their competence, and although the aim should always be to enable believers to resolve their disputes without recourse to the civil courts, the Assembly should not hesitate to refuse to act in a case which it is satisfied is more properly a question for the ... law courts.

Moreover, the Assembly does not have the authority to prohibit a believer from having recourse to the civil courts if he decides to do so.

At a more fundamental level, the House of Justice feels that it is important for the friends to be taught in summer schools, study courses, etc., that integrity, uprightness, trustworthiness and truthfulness are essential qualities for a Baha'i and are as much a part of morality as is sexual morality. Also, just as an Assembly has the duty to intervene when a believer is guilty of blatant and flagrant sexual immorality, it must take the same action in case of blatant immorality in other matters.

Often, of course, business disputes arise not out of dishonesty but out of a misunderstanding of what was agreed between the parties. To reduce the number of disputes arising from this cause, your Assembly might urge the friends always to be very clear in their business arrangements, and to reduce them to writing whenever possible in order to avoid misunderstandings in future. You can point out that disputes arising from such misunderstandings can harm the individuals, injure the good name of the Cause, and waste the time of Assemblies which would be more profitably occupied in considering the teaching work.

With loving Baha'i greetings,

For Department of the Secretariat

cc: The International Teaching Centre

All passages are translated extracts of untranslated Tablets unless reference to source of publication is given.

From the Writings of Baha'u'llah

Commerce is as a heaven, whose sun is trustworthiness and whose moon is truthfulness. (1)

From the Writings of 'Abdu'l-Baha

Your criterion should be to pursue your commercial activities with such fairness and equity as to be a cause of guidance to others. The friends of God should, through the instrumentality of their business, lead the people to God's path, and make them so astonished as to exclaim: "How great is their truthfulness, how high their trustworthiness, and how true is their good will!"

(2)

Every business company should be established on divine principles. Its foundations should be trustworthiness, piety and truthfulness in order to

protect the rights of the people. (3)

From the letters of Shoghi Effendi

Teaching the Cause of God is possible under all circumstances, even through trade and commerce and through right conduct, as it is said that goodly deeds and a praiseworthy character are in themselves the teachers of the Cause.

Therefore, any individual, in whatever profession he may be engaged, if he conducts himself in a praiseworthy manner and exemplifies human perfections, will himself become the sign of the propagation of the Word of God and will hoist the banner of the glory of the Cause. (4)

The wish of 'Abdu'l-Baha, that which attracts His good pleasure, and, indeed, His binding command, is that Baha'is, in all matters, even in small daily transactions and dealings with others, should act in accordance with the divine Teachings. (5)

In their homes, ... in the daily contact of business transactions, ... the community of the followers of Baha'u'llah should satisfy themselves that in the eyes of the world at large and in the sight of their vigilant Master they are living witnesses of those truths which He fondly cherished and tirelessly championed to the very end of His days.

(12 April 1927 in "Baha'i Administration: Selected Messages 1922-1932" (Wilmette: Baha'i Publishing Trust, 1980). p. 130) [6]

It (rectitude of conduct) must be constantly reflected in the business dealings of all its members, in their domestic lives, in all manner of employment, and in any service they may, in the future, render their government or people.

(25 December 1938, in "The Advent of Divine Justice" (Wilmette: Baha'i Publishing Trust, 1990), p. 26) (7)

Excerpts originally as part of "Extracts on Hospitals and Homes for the Aged" compiled for inclusion with letter dated 13 February 1985 written on behalf of the Universal House of Justice to ...

Prepared for inclusion with a letter dated 8 April 1992 written on behalf of the Universal House of Justice to 28 October 1985

The National Spiritual Assembly of the Baha'is of ...

Dear Baha'i Friends,

Baha'is going into business together

The Universal House of Justice has instructed us to convey the following reply to the letter of 22 September 1985 received from the ... Committee of the National Assembly requesting guidance on the above matter.

The House of Justice knows of nothing in the Sacred Writings or the letters of Shoghi Effendi dealing specifically with business agreements between Baha'is. There are, however, two principles which should be borne in mind whenever the friends enter into such agreements with each other. The first was called to the attention of the friends by the beloved Guardian in "The Advent of Divine Justice" when he was dealing with the subject of rectitude of conduct, and is

as follows:

It must be constantly reflected in the business dealings of all its members ...

The second would only be invoked should any such agreements lead to disagreements or disputes, and this guidance is given in the following excerpt of a letter written on behalf of the beloved Guardian.

... the Guardian wishes to emphasize the importance of avoiding reference to civil courts of cases of dispute between two believers, even in non-Baha'i issues. It is the Assembly's function to endeavour to settle amicably such disputes, both in order to safeguard the fair name and prestige of the Cause, and to acquire the necessary experience for the expansion of its functions in the future.

The House of Justice wishes us to tell you that an undertaking carried out by Baha'is should be a private venture and should not be associated with the Faith or its institutions and that sound business practices should be observed.

Business disputes often arise not out of dishonesty but out of a misunderstanding of what was agreed between the parties. Being aware of this your Assembly might urge the friends always to be very clear in their business arrangements, and to put them in writing in order to avoid misunderstandings in the future. You could point out that disputes arising from such misunderstandings can harm the individuals, injure the good name of the Cause, and over-occupy the time of Assemblies which would be more profitably occupied in considering the teaching work.

With loving Baha'i greetings,
For Department of the Secretariat

The National Spiritual Assembly of the Baha'is of ...
7 December 1995

Here, however, a word of caution needs to be expressed. As you are aware, it is not unknown in the business world for a mischief-maker to cause untold damage to an honest businessman by falsely accusing him of various illicit actions. Your Assembly, therefore, must be on its guard and not immediately accept unconfirmed allegations that may be made to you against the actions of any of the friends. So much for the upholding of business morality in general: A separate question is that of business disputes between believers. Since such disputes often involve delicate points of law, evidence of agreements, etc., your Assembly will not be in a position to adjudicate the dispute itself. The best method to follow is for the Assembly to attempt to get the disputants to agree to private arbitration of the dispute, and to undertake in advance to abide by the decision of the arbitrators. Each can appoint an arbitrator who has his confidence and who is competent in matters of the relevant law. It would also help if your Assembly were to appoint a third similarly qualified arbitrator. This would result in a board of three arbitrators, with the provision that if they were unable to reach a unanimous decision, the majority view would prevail. The actual arrangement can depend upon the magnitude of the dispute in each case.

If the parties cannot resolve the dispute between them, and will not agree to a binding arbitration, there will be no alternative but for them to have recourse to the civil courts.

As can easily be understood, it is highly undesirable for Baha'is to take their disputes to the civil courts or to encourage publicity about them, for this can cause serious harm to the good name of the Baha'i community at a time when your Assembly is striving to achieve a higher level of recognition for the Faith in ... Therefore, it is preferable for disputes to be settled privately if this is at all possible.

The House of Justice asks us to assure you of its prayers in the Holy Shrines for the confirmation of your Assembly's endeavours to deal with these difficult problems. It will also pray that the devoted followers of Baha'u'llah in ... will take to heart the admonitions of the Blessed Beauty as to the standards they should uphold in every aspect of their lives. With loving Baha'i greetings,

For Department of the Secretariat

cc: International Teaching Centre Board of Counsellors in

BUSINESSES

17 March 1997

The National Spiritual Assembly of.....

Dear Baha'i Friends,

The Universal House of Justice has received your letter of 24 January 1997 and has asked us to respond as follows.

The House of Justice commends you for the careful thought you have given to the issues raised about the relationship between the institutions of the Faith and those business enterprises which appear to be helpful in the attainment of Baha'i objectives. Your account of the present understanding of the National Spiritual Assembly indicates that you are in a good position to offer suitable guidance to any believers who have concerns over these matters. In drawing attention to private businesses set up by believers, and in encouraging the Baha'is to give serious consideration to availing themselves of such services, a National Assembly should not be regarded as endorsing these businesses, if that is understood to imply some form of guarantee about the efficacy of the service provided by any such business. The analogy of the books produced by Baha'i publishers used in your letter is quite apt; in publicizing a book or article from such a publisher, there is no implicit assurance that the document is free from error or even that the National Assembly is entirely in agreement with every point made therein. However the National Assembly can well conclude that the product of a business conducted by Baha'is (or even non-Baha'is) is useful in the advancement of the interests of the Faith and can properly decide to convey information about it to the believers.

Turning now to your question about a development trust becoming involved in the establishment of private business enterprises, no general ruling is appropriate at this stage in the development of the Faith. Every case should be considered on its merits. There is a vast difference between the institutions of the Faith

becoming involved in a private business set up with the principal purpose being simply the accumulation of profit, and the institutions fostering and supporting individual and group business initiative aimed at the uplifting of people who have historically been deprived or suppressed. Other factors to be considered include the stage of development of the Baha'i community, the resources at its disposal, the preservation of its reputation and the legal restrictions imposed by its incorporation. As specific matters arise in the future, you are welcome to turn to the House of Justice for guidance on issues you feel unable to resolve through your own consultation or through advice from the Counsellors.

With loving Baha'i greetings,
Department of the Secretariat