

## CORPORATE CITIZENSHIP AND THE TALMUD

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### Abstract

The Talmud is without doubt the most prominent text of rabbinic Judaism's traditional literature which is replete with precepts that deal with corporate citizenship. Thus the Talmud can be used as a starting point for those who are interested in establishing financially successful companies. This article is based on a literature review of related journal articles and the Talmud. Some of the issues discussed in this article include: caring for the environment, corporate charity, employer-employee relationship, honest weights and measures, community prosperity, buyer-seller relationship, transparency, honesty in business, fraud and theft, and corporate citizenship in the contemporary world. The author concludes that sustainable financial success is guaranteed through corporate citizenship. This article is of benefit to both the academia and the business community at large.

**Key words:** Talmud, Torah, Tanach, Corporate Citizenship, Corporate Social Responsibility

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### 1 Introduction

The Talmud is without doubt the most prominent text of rabbinic Judaism's traditional literature. Among Jews, of course, the Talmud has been revered, studied, and commented upon over and over again for more than a millennium (Jaffee and Fonrobert, 2007). The Talmud (Oral Torah/Law) literally means "study." The Talmud is a lengthy commentary on the Mishnah composed in Hebrew and Aramaic. The earlier edition, most likely redacted in Tiberias in the late fourth and/or early fifth centuries in the current era, is known as the Jerusalem or Palestinian Talmud (*Talmud Yerushalmi*). The later and larger edition, redacted in Persia in as-yet poorly understood stages between the late fifth and late eighth centuries in the current era, is known as the Babylonian Talmud (*Talmud Bavli*). This article is based on the Babylonian Talmud unless otherwise indicated. The Talmud is organized into orders (*sedarim*) and within the orders into tractates (*masekhot*) (Jaffee and Fonrobert, 2007).

According to Miller (2011) cited in Maune (2015a), the Talmud is a comprehensive term for the Mishnah and Gemara as joined in the two compilations known as the Babylonian Talmud (6<sup>th</sup> Century) and the Jerusalem Talmud (5<sup>th</sup> Century). The Mishnah is a fundamental collection of the legal pronouncements and discussions of the Tanna'im (Rabbinic sages), compiled by Rabbi Yehudah HaNasi early in the 3<sup>rd</sup> Century. The Mishnah is the basic text of the Oral Torah (Maune, 2015a). The Talmud is principally concerned with *halachah* (Jewish law), but it also provides a detailed record of the beliefs of the

Jewish people, their philosophy, traditions, culture, and folklore, that is, the *aggadah* (homiletics). The Talmud is also replete with legal, ethical, and moral questions. For a more detailed description of the Talmud one should refer to Unterman (1971), Friedman (2000), Kahaner (2003), Brackman and Jaffe (2008), and Friedman (2012).

The Talmud is the twin of the Torah (written Torah) itself. Both were given to Moses at Mount Sinai. The Torah without the Talmud is like a diamond in a dark room. It is there, but its form, its brilliance, its beauty, its very existence, is invisible. The Torah speaks of commandments, but does not define them. The answers are found only in the Talmud (Oral Law). It is the inseparable essence of the Written Torah, and the Talmud is the essence of the Oral Law (The Schottenstein Edition, *Talmud Bavli*, 2014).

The Talmud consists of two components as stated above, and there is a basic difference between them. The Mishnah is a listing of the laws. Its name comes from the word, to review, for the purpose of the Mishnah is to provide a body of law that should be reviewed and memorized. The discovery of the underlying principles of the laws and how to apply them to various situations requires analysis and debate. The Mishnah is the framework upon which the Halachah (law) is constructed. The Gemara debates, dissects, and defines the principles upon which halachic decisions are based. The Gemara is the soul, the inner meaning of the laws. In the main, the basic law is conveyed in the Written Torah and the numerous details of that law in the Talmud. The Talmud is essentially a commentary to and elaboration

of the Mishnah (The Schottenstein Edition, *Talmud Bavli*, 2014).

Why the Talmud? The Talmud has always been a book solely for scholars, savants, and researchers and it is considered a significant part of their [Jewish] daily life (Unterman, 1971). Modern commentaries of Jewish law are all based upon the principles of the Talmud. The Talmud has been the cornerstone of the Jewish culture, their creative strength as well as the backbone of their history (Unterman, 1971 and Brackman and Jaffe, 2008). The Talmud has been argued to be the Jewish wisdom for business success (Brackman and Jaffe, 2008). Unterman (1971) argues that the inner world of the Jew has always remained whole and untouched; no outside influence, no danger and no whirlwind had sufficient power to destroy this world. To the Jewish people the Talmudic literature, as well as the Bible (Tanach), is imbued with the highest of universal ideals, full of love for mankind and human brotherhood.

The Talmud, like any ancient Hebrew literature generally, is strictly objective and full of humanitarian motivation and social ideals. To Unterman, the social laws do not smack off the sort of liberal reforms introduced by the democratic countries, but go much further. They are the bases of a definite social program for the real and actual life of an ethical-minded and just people and even contain such aspects as are characteristic of an extreme revolutionary social order. A core value of Judaism is leading an ethical and moral life. The Talmud has, however, created a broad ethical world, and it is from this that the Jews have drawn their universal conception of morality and responsibility (Unterman, 1971). It is the Talmud which gave Jewish ethics and morals their breadth and depth of conception. The Jews derived their views upon morality and individual responsibility, ideas concerning their relations to man and society, Jew and non-Jew, from the Talmud. The main foundations have always been universal. This is best expressed in the maxim: love thy neighbor as thyself.

The whole subject of corporate citizenship revolves around Hillel the Elder's most famous Talmudic saying: "What is hateful to you, do not do to your fellow human, 'that is the whole Torah, and the rest is just commentary'" (Talmud, Shabbos 31a). A large number of the Torah and Talmudic precepts have dealt much with societal and business related issues. Thus, how business relates with society, that is, corporate citizenship. The Talmud has in a broader way discussed issues of corporate citizenship that are applicable to the contemporary business world. Indeed, Rabban Simon ben Gamliel asserts that the world is established on three principles: justice, truth, and peace (Talmud, Avos 1:8).

Why corporate citizenship in the contemporary world? Corporate leaders began paying significant attention to issues of corporate citizenship during the late 1990s and early 2000s, following waves of anti-globalization protests; critiques of corporate

outsourcing practices; fears about climate change and other serious environmental problems said to be at least partially created by businesses; and the rise of anti-corporate activism sometimes directed at specific companies and sometimes at policies of powerful global institutions such as the World Trade Organization, the World Bank, and the International Monetary Fund (Waddock, 2012). Advanced communication technologies fueled the ability of activists and other critics to question corporate activities and create increasing demands for responsibility, transparency, and accountability by companies (Waddock, 2012).

In this article the following forms of corporate citizenship are explained and discussed from a Talmudic perspective and these include: Caring for the environment, corporate charity, employer-employee relationship, honest weights and measures, transparency, community prosperity, buyer-seller relationship, honesty in business, and fraud and theft. Finally, the article discusses corporate citizenship in the contemporary business world. The article will end by a conclusion. It is the author's hope that, in some way, this article will be of help to both the academia, the government and the business community at large.

## **2 Talmudic conception of corporate citizenship**

The Talmud has debated, dissected, and defined quiet a number of precepts that have a direct or indirect bearing on corporate citizenship and some of these precepts are discussed and explained below.

### **2.1 Caring for the environment**

The idea that everything-including the environment-belongs to God and that one of mankind's job is to act as its caretaker plays a large role in how the Talmudic rabbis viewed the world's resources (Kahaner, 2003). Ecclesiastes Rabbah (7:13) states that, "God said to Adam: 'everything you see I created for your sake. See to it that you do not spoil and destroy the world for if you do, there will be no one to repair it after you.'" The Talmud (Taanit, 23a) states that, one day as Rabbi Honi ha-Ma'agel (the circle drawer) was travelling on the road; he encountered a man planting a carob tree. He asked the man, "How long does it take for the tree to bear fruit?" The man replied, "It takes seventy years for the tree to bear fruit." He asked him, "Are you certain you will live another seventy years?" The man replied, "When I came upon this land, I found a grown carob tree that my ancestors had planted for me. I am doing the same by planting this tree for my descendants" (Judovits, 2009). This is an act of social responsibility/citizenship. One of the hallmarks of Talmudic environmental beliefs is that what someone does in one place has an effect on someone else no matter how much distance is between them (Kahaner, 2003). Traces of radioactivity from

the Chernobyl nuclear plant accident were found in the milk of cows grazing in Scandinavia (Kahaner, 2003). The Torah states (Deuteronomy 20:19) that, “When you besiege a city for many days to wage war against it to seize it, do not destroy its trees by swinging an axe against them, for from it you will eat, and you shall not cut it down; is the tree of the field a man that it should enter the siege before you?” Even during this time of extreme urgency, soldiers were expected to take into account the need to spare the fruit trees and use another kind of tree for this task (Kahaner, 2003). The Talmud (Shabbos, 67b) states that, “It is forbidden to cause the oil in a lamp to burn too quickly, thus [considered] wasting fuel.” The Midrash, Genesis Rabbah (13:3) summarily states that, three things are of equal importance: earth, humans and rain. The Talmudic rabbis understood the interconnection of everything on the earth. That is why the Creator of the world had appointed man as a caretaker of the earth’s environment.

The Talmudic rabbis discussed extensively issues pertaining to air pollution, water pollution and noise pollution. The ancient rabbis were aware of which businesses caused air pollution, and they made sure to keep them away from population centers. The rabbis did not allow smokestacks in the city of Jerusalem (Kahaner, 2003). The Talmud states (Bava Kamma, 82b), “‘That no kilns be kept there’ – on account of the smoke.” The rabbis according to Kahaner (2003) had seen other cities damaged by smoke and soot and did not want Jerusalem to become polluted. The Talmud also prohibited the establishment of a granary closer to 50 cubits from the edge of the city. The Jerusalem Talmud (Bava Batra, 2:9) in Kahaner (2003) states that, “A tannery must not be set up in such a way that the prevailing winds send their unpleasant odor to the town.” It was also prohibited to establish a granary closer to any fruit trees or plants. This was vital since some plants were medicinal, and the rabbis did not want to risk that they would be contaminated by dust from the granary. The Talmud also prohibited certain businesses from being built next to other businesses, for example, stables could not be near wine warehouses, paint storage was not permitted near bakeries. The Talmudic rabbis saw water pollution as a threat to a community’s health and economic well-being (Kahaner, 2003). The Talmud (Bava Kamma, 30a) states that, “The pious ones of old used to hide their thorns and broken glass in the midst of their fields at a depth of three handbreadths [about 11 inches] below the surface so that even a plow could not be hindered by them. Rabbi Sheshet used to throw them in fire. Rabba threw them in the Tigris River [they said it was permissible to burn thorns and glass or throw them in the river because neither glass nor thorns would pollute the water].”

## 2.2 Corporate charity

Many companies have developed programmes to help the indigent and the needy. Rabbi Akiva<sup>7</sup> regarded wealth as a long-term debt to God, which is paid off by living a righteous life. In this vein, wealthy people and businesses are expected to act as trustees for their riches and use this wealth to alleviate suffering. The acceptance that there will always be both rich and poor in the world makes charity imperative (Kahaner, 2003). To the Talmudic rabbis, charity is not solely an act of kindness or compassion; it is also an act of justice. They saw charity as a legal obligation that must be performed by all individuals and businesses. The Hebrew word for charity is tzedakah, from the word tzedek, which means “just,” as in the word justice. According to the Talmud, giving charity is not an act of love, but an act of justice, a way of adjusting the playing field that moves the universe toward fairness.

By many Talmudic accounts, charity is the strongest force in the universe. The Sages considered it more powerful and more important than all the sacrifices ever brought to the temple.<sup>8</sup> The Talmud states (Avos 2:8) that, “He who increases tzedakah [charity], increases peace. This teaching, that tzedakah fosters peace, may be based on the Torah (Isaiah 32:17); “And the doing of tzedakah shall bring peace.” Righteous and charitable deeds bring about peace in the social order. The Talmud (Bava Batra, 10a) states that, “Great is charity, for it brings near Israel’s deliverance, as is said, “Keep ye justice, and practice charity, then My deliverance will be near to come” (Isaiah 56:1). Isaiah condenses the 613 commandments of the Torah into these two commandments: observe justice and practice charity (perform righteousness). One who distributes charity is beloved and thus promotes peace among people; even one who advises others to give charity is looked upon favorably. The effort to achieve righteousness and charity will bring forth peace and security forever. The Rambam<sup>9</sup> (Matanos Aniyim 10:1) states: “A person will never become impoverished from giving charity, nor can any harm result from it, as it says, the product of charity is peace.” The Talmud (Bava Batra, 9a) states that, “charity is equal in importance to all other commandments combined. The Torah (Proverbs 10:2) states that, “charity delivereth from death” – not merely from unnatural death, but from death in any

<sup>7</sup> Rabbi Akiva Ben Yosef (c. 40-135 C.E.) was considered one of the greatest Jewish scholars.

<sup>8</sup> Talmud Sukkah 49b

<sup>9</sup> Rambam – “Maimonides,” Rabbi Moses Ben Maimon (1135-1204) born in Spain before moving to Egypt. Halachist, philosopher and leading Torah scholar of the Middle Ages. His major works are: Sefer ha-Mitzvos (Book of commandments), commentary to the Mishnah; Mishneh Torah (Yad ha-Chazakah), a comprehensive code of Jewish law, and Moreh Nevuchim, “Guide for the Perplexed,” a primary work of Jewish philosophy.

form.<sup>10</sup> The Sages of the Talmud in the school of Rabbi Ishmael taught: Whoever shears off part of his possessions and dispenses it as charity is delivered from the punishment of Gehenna. A parable of two ewes, one shorn and the other unshorn, crossing a body of water: the shorn one gets across; the unshorn one does not (Bialik and Ravnitzky, 1992).<sup>11</sup>

In Talmudic times, farms were the equivalent of big business. The Talmud has numerous laws describing what farmers must do to help the poor, the stranger, the orphan and the widow of the community. For instance, the corners of the field were not harvested by the owner but were left for the poor. Individual stalks that fell from the sickle during the harvest were also left for the poor (Leviticus 19:9). If a bundle of grain was accidentally left in the field during the harvest, the owner was not permitted to return for it. This sheaf had to be left behind for the poor: “It shall be for the stranger, the orphan, and the widow” (Deuteronomy 24:19). In a similar vein, the farmer was not permitted to pick all the fruit off the vine or tree and leave it bare. He was obligated to leave the gleanings of the vine and the olive tree for the poor (Deuteronomy 24: 20-21). Care for the poor not only took the form of gleaning as described above, but was also practiced through tithing. Tithes were taken for the physical needs of the priests and the Levites, (Numbers 18:8-32) and farmers were expected to make a special tithe for the poor (Deuteronomy 14: 28-29). In the book of Ruth, Boaz, a wealthy landowner, was scrupulous in following these laws. Ruth was one of many poor people who followed the harvesters and collected the gleanings (Ruth 2:2-9).

The Tanach instructs everyone to help the needy. The Torah states: “You shall not harden your heart or shut your hand from your needy brother. But you shall surely open your hand to him...” (Deuteronomy 15:7-8). Clearly, it is not a big stretch for a company that wishes to follow the spirit of these laws to recognize that there is a moral obligation to help the poor by setting aside a portion of a company’s profits for the needy. According to Rambam, the highest form of charity is providing one with the ability to earn a living so that the individual does not become poor. This may be accomplished by providing a gift or loan enabling one to start a business, taking the destitute person in as a partner, or helping the individual find employment (Mishneh Torah 10:7)<sup>12</sup>.

According to the Jewish law, the highest form of charity is to ensure that a person not needs it, at least not for more than a short period. According to Rambam, anonymous giving (wherein the donor and the recipient do not know each other, that is, a third

party or charitable organization is involved) ranks as the second-highest form of charity. An understanding of this form of charity can be derived from the Torah (Leviticus 25:35): “And if your brother becomes poor, and his means falter with you, then you shall strengthen him.” The Midrash interprets this to mean that a person should be helped as soon as he or she starts to “falter,” but before he or she collapses (Sifra, Leviticus 25:35). Companies that provide grants to underfinanced schools in poor neighborhoods or offer internships to poor people are certainly following the spirit of this law. If a firm finds that it has to close down a plant because of economic conditions, management should do everything possible to find employment in other parts of the company for the affected employees.

The Talmud institute ten percent of one’s net income as a minimum donation and places an upper limit as well. The Talmud states (Ketubot, 50a) that, “one who wishes to donate [generously] should not give more than a fifth of his income, lest he himself come to be in need of charity.”

### 2.3 Employer-employee relationship

The Talmudic sages encouraged people to be hard-working. They taught four things that have to be industriously completed: Torah study, performance of good deeds, prayer, and performance of one’s occupation (Berachos, 32b). Whenever he went to the academy, Rabbi Yehudah would carry a pitcher on his shoulders and say, “Great is labor for it honors the worker” (Nedarim, 49b). The Psalmist declares, “When you eat the labor of your hands, you are praiseworthy<sup>13</sup>, and it is well with you” (Psalms 128:2).

The Talmud exempted laborers from the Biblical obligation of standing up for elderly individuals and scholars while working (Kiddushin, 33a). The following law, discussed in the Talmud (Berachos, 16a), further demonstrates the importance of not wasting time that belongs to one’s employer. Laborers were permitted to recite various prayers while on top of a tree or on the top of a scaffold. The worker was not permitted to climb down the tree since it would waste time that belonged to the employer. The employer, on the other hand, was obligated to climb down the tree in order to recite the prayers with more feeling. One is obligated to perform religious obligations at one’s own expense, not at the expense of the other.

The Torah (Leviticus 25:41) requires employers to treat slaves, that is, the lowliest employees, humanely as it says: “You shall not rule over him through rigorous labor.” Furthermore, the master is not permitted to make the slave perform debasing

<sup>10</sup> Talmud Bavli, Shabbos 156b.

<sup>11</sup> Her unshorn wool absorbs so much water that its weight pulls her under and drowns her.

<sup>12</sup> Moses Maimonides (2011). *The complete restatement of the Oral Law (Mishneh Torah)*, Mechon Mamre, Jerusalem, Israel.

<sup>13</sup> Scherman (2013). Man must toil to produce results with his own two hands. Only then does God send His blessing (Tanchuma, Vyeitzei)

tasks (Leviticus 25:39), and he have to provide for the slave's family (Leviticus 25:41). Degrading work, labor without purpose, or jobs with no definite time limit could demoralize a human being. Therefore these were prohibited for servants and certainly for employees (Leviticus 25:39).

The Talmud (Kiddushin, 22a) interprets the verse, "because he fares well with you," (Deuteronomy 15:16) to mean the servant must have the same living standard as the master, "[the servant] must be equal to you in food and drink; you should not eat refined bread and he eat coarse bread, you [should not] drink old wine and he drink new wine, you [should not] sleep on a mattress and he on straw." The Talmud concludes that one who procures a servant acquires a new master for himself! Many scholars have noted that the rules applying to slaves would certainly apply to employees. Thus, treating employees poorly is prohibited.

The Talmud (Berachos, 5b) tells a story that once Rabbi Huna suffered great financial loss when four hundred jars of his wine turned sour. Rav Yehuda, the brother of Rabbi Sala Hasida, and the other rabbis visited him. They said to him; "Master, you ought to examine your deeds." He asked them, "Do you find me suspect?" They answered him: "Is God to be suspected of punishing unjustly?" He declared, "If somebody has heard that I am accused of any misdeed, let him speak." They replied, "We heard that the master does not give his tenant his lawful share of vine twigs." He replied, "Does he leave me any? He steals them all." They said to him, "That is exactly what the proverb says. If you steal from a thief, a taste of his theft remains with you." He said to the rabbis: "I take upon myself to give him his share in the future." It was reported that after this visit, the vinegar became wine again. Others say that the price of vinegar increased so much that Rabbi Huna sold the vinegar for the same price as wine.

The Torah in Leviticus (19:13) says: "You shall not cheat your fellow and you shall not rob; a worker's wage shall not remain with you overnight until morning."<sup>14</sup> Employers must pay employees on time. Withholding payment due to workers is a violation of the Torah law. The Talmud (Bava Metzia, 112a) states that, "Whoever withholds an employee's wages, it is as if he has taken the person's life from him." The Talmud (Bava Metzia, 111b) extends this law to all kinds of payments owed, including various types of rental fees. Firms that are late in paying their landlords or suppliers violate this law. The importance of paying workers on time can be seen from the following episode related in the Talmud (Bava Metzia, 83a). Some porters hired by Rabba Ben Huna were negligent and broke his cask of wine. Not only did Rabba not get restitution, but Rab, the judge, required

that Rabba pay the workers. Rab felt that since the porters were quite poor, one must sometimes go beyond the strict letter of the law. Rab, somewhat cryptically, quoted a passage from Proverbs to demonstrate that an ethical person sometimes must do that which may not be necessary on purely legal grounds. The verse in Proverbs (2:20) says: "That you may go in the way of the good and keep the ways of the righteous."

The Torah requires the master to give his or her slave a severance gift. The Torah (Deuteronomy 15:13-14) states that: "Do not send him away empty-handed. You shall give him a severance gift from your flocks, from your threshing floor, and from your wine cellar; as Hashem, your God has blessed you, so shall you give him." An ethical employer should realize that if the Torah demands that a slave be given a severance bonus after six years of labor, it is certainly appropriate for employers to reward loyal workers who have been with a firm for many years. The Torah gives a field worker the right to eat the produce he cultivates.

The Torah (Deuteronomy 23:25-26) states that: "When you come [as a worker] into your neighbor's vineyard, you may eat as many grapes as is your desire, to your fill, but you may not put any into a receptacle. When you come into your neighbor's standing corn, you may pluck ears with your hand, but you should not lift a sickle on your neighbor's standing corn." These laws ensure that a field worker has a right to eat the crop he or she is working on while harvesting. However, the worker also protects the field owner from a rapacious worker who will take too much. Surely, an ethical employer, especially one in the food business, should allow workers to take a reasonable amount of food for them. Interestingly, many hotels allow employees to get all their meals free while working, but do not allow them to pack up food to bring home.

The Talmud recounts the story of the son of Rabbi Yochanan Ben Mattia, who once hired workers and agreed to supply them with food, without specifying the quantity or type of food. When his father heard about this, he said: "My son, even if you would prepare for them a banquet as majestic as Solomon when in his grandeur, you would not fulfill your undertaking" (Bava Metzia, 83a). Rabbi Yochanan believed that a simple meal would not be sufficient to satisfy one's obligation, since laborers had to be treated with great honor and respect. Providing the workers with bread and water for their meal would be as unacceptable as feeding one's own family such a meal.

The employee-employer relationship is very critical for business success and the community as evidenced by the above classical Talmudic discussions and examples. It must be a win-win relationship.

<sup>14</sup> Scherman (2013). 19:13 If a worker was hired by the day, his employer has until morning to pay him; if he was hired for the night, he must be paid by the next evening (Rashi; Sifra).

## 2.4 Honest weights and measures

The Torah is very much concerned with honest weights and measures. The Torah states (Leviticus 19: 35-36): “You shall not commit a perversion in justice,<sup>15</sup> in measures of length, weight, or volume. You shall have correct scales, correct weights, correct dry measures, and correct liquid measures – I am Hashem, your God, Who brought you forth from the land of Egypt.” One is not permitted to own an inaccurate weight or measure (Deuteronomy 25: 13-16): “You shall not have in your pouch a weight and a weight – a large one and a small one. You shall not have in your house a measure and a measure – a large one and a small one. A perfect and honest weight shall you have, a perfect and honest measure shall you have, so that your days shall be lengthened on the Land that Hashem, your God, gives you. For an abomination of Hashem, your God, are all who do this, all who act corruptly” (Bava Metzia, 61b). This is why shopkeepers were instructed to wipe their weights once a week and clean their scales after every weighing (Bava Batra, 88a).

The Talmud further states that, “The punishment for measurements is [even] more severe than the punishment for promiscuity....” The Talmud is so concerned with honest measures that the sages even prohibit vendors of liquids from pouring a liquid rapidly from a great height. Since foam is generated, the consumer ends up with less liquid. In addition, market commissioners were appointed to oversee businesses using weights and measures (Bava Batra, 89a). For example, the strict Talmudic attitude towards maintaining accurate weights and measures counters society’s lenient view with respect to “shortchanging” clients and “cutting corners.” One major form of theft or monetary exploitation regarded by Talmudic law is “overcharging.”

There are three degrees of overcharging. If the discrepancy between the sale price and the market value is less than one sixth of the market value, no legal action is possible. It is assumed that the buyer and seller waive their legal rights as the social costs of cancelled sales would outweigh any benefits (Tamari, 1991). If the discrepancy between the sale price and the market value is exactly one sixth, the buyer may make a claim for the price differential. If the sales price differs from the market value by more than one sixth, the sale may be invalidated. If the seller makes it clear that there is an overcharge, and no form of oppression exists, then no claim for “overcharging” can be made. This form of legal protection is designed to prevent the exploitation of a party who may be weaker, ignorant, misled, or otherwise disadvantaged (Tamari, 1991). The issue still arises whether one is entitled to charge more than the market value up to the

one-sixth level. The Talmud suggests that the moral activity would be charging no more than the market price, despite being technically allowed by the law.

## 2.5 Community prosperity

Businesses have a unique obligation to help the poor because of their often superior financial position in the community. In Talmudic times, when landowners harvested their fields, they were obligated to leave the corners alone (Deuteronomy 24:19-21). They were also not permitted to go back and pick up fruits or vegetables dropped along the way during harvesting as in Ruth (2:9) which states that, “Keep your eyes on the field which they are harvesting and follow after them.” The leavings were for the poor people in the community. The Torah (Deuteronomy 24:19-21 and Leviticus 19:9-10) discusses about gifts to the poor from the harvest. The emphasis here is to take care for the proselyte, the orphan, and the widow of the community so that Hashem, God, blesses one’s handiwork. The Torah (Leviticus 19:9-10) states that, “When you reap the harvest of your land, you shall not complete your reaping to the corner of your field, and the gleanings of your harvest you shall not take. You shall not pick the underdeveloped twigs of your vineyard; and the fallen fruit of your vineyard you shall not gather; for the poor and the proselyte shall you leave them – I am Hashem, your God.”

The Talmud teaches of *chesed* (good deeds). According to the Talmud, the essence of *chesed* is to be aware of people, animal, and plant needs around and to perform a good deed when the opportunity arises. The Talmudic rabbis taught: *Gemilut chesed*<sup>16</sup> (loving-kindness) is greater than charity in three ways. Charity is done with one’s money, while loving-kindness may be done with one’s money or with one’s person, for example, spending time with a sick person. Charity is given only to the poor, while loving-kindness may be given both to the poor and to the rich, for example, consoling one who is in mourning or depressed. Charity is given only to the living, while loving-kindness may be shown to both the living and the dead, for example, by arranging a proper burial for a person who died indigent (Sukkot, 49b). Man is therefore obligated to honor his fellowman and shower him with *chesed* for by so doing he is honoring God. He must be careful not to embarrass or abuse another person, for by so doing he is slighting God.<sup>17</sup>

The Talmudic rabbis considered God to be the original exemplar of acts of loving-kindness; the Torah (Deuteronomy 13:5) commands people to walk in His ways. The Torah states (Genesis 3:21, Genesis 18:1, Deuteronomy 34:6 and Genesis 25:11) that: God

<sup>15</sup> Scherman (2013). Leviticus 19:35-36. A businessman who falsifies weights and measures is likened to a judge who perverts judgment.

<sup>16</sup> Chofetz Chaim defined *gemilut chesed* as “any good deed that one does for another without getting something in return” (*Ahavat Chesed*).

<sup>17</sup> Sparks of Mussar, page 153 by Chaim Ephraim Zaitchik.

clothed the naked, visited the sick, buried the dead and comforted mourners respectively (Sotah, 14a).

Kahaner (2003) states that, successful companies focus on pleasing customers, respecting employees, and producing excellent products and services. Companies that strive solely for the profit will fail. He further states that, profitable companies have an additional responsibility to do good deeds with their money by increasing community prosperity through jobs.

## 2.6 Buyer-seller relationship

Talmudic law requires that the seller inform the buyer of any hidden defects in the merchandise. Sales made under false pretenses, for example, by hiding a product defect, would be null and void. Two classic cases are discussed in the Talmud. One case involves an individual who sells fruit without specifying whether the fruit is to be used for eating or seed. The buyer, who purchases the fruit for its seeds, plants the seeds and then finds out that the seeds are sterile. The seller's argument was that he sold the fruit for eating and not for the seeds. The other classic case involves an individual who buys an ox and then finds out that the ox is a gorer and thus unsuitable for plowing. The seller claims that he sold it for meat. The above cases are situations in which the seller distributes both types of products, for example, oxen for plowing and oxen for meat. If, however, a seller only sells one type of product and clearly is trying to deceive a blameless customer, there is no question that this is a violation of the biblical law.

One is not permitted to deceive others under any circumstances. The Talmud prohibits various kinds of deceptions in selling, including the following: painting animals or utensils to fool prospective buyers into thinking they are younger or newer; or deceiving potential customers by placing the better quality merchandise on top of the bin (and the lower quality merchandise on the bottom) to make it appear that the merchandise is of uniformly high quality throughout. The law against deception is relevant even in marriage, that is, one party can claim *mekach taos* (transaction under mistaken assumption) if the other party has a hidden defect. The discovery of a bodily defect in a spouse can annul a marriage; this kind of marriage is voidable. Evidently, the Talmud considers any type of deception or dishonesty to fall under the biblical prohibition against stealing, denying falsely, or lying.

The Talmud states that there is a clear distinction between fraudulent and legitimate business practices: Whatever one does to show the buyer the true value and beauty of an item is a fair and honest effort. However, whatever [is done] to conceal its defects is fraudulent and prohibited. This according to the Talmud is a fundamental rule in the workings of business ethics (Luzzatto, 2009).

## 2.7 Transparency

The Torah (Numbers 32:22) says, "And you shall be innocent before God and Israel." This verse is used by the Talmud (Yoma, 38a) to derive the principle that it is not enough for one to know that that one's actions are proper in God's eyes. One must also act in such a way as not to engender suspicion on the part of human beings. Conflicts of interest, of course, cause people to be suspicious of one's actions and this is not permitted. Demonstrating the importance of keeping honest records, the Torah (Exodus 38:21-31) enumerates the amount of gold, silver, and copper used in the construction of the Tabernacle. Moreover, the Torah (Exodus 38:21) informs us who was ultimately responsible for guaranteeing that accurate records were kept: "These are the accounts of the Tabernacle, the Tabernacle of the Testimony, as they were calculated according to the commandment of Moses..." Moses wanted to show everyone that he was acting in such a way so that no one would be suspicious of him and to make evident to the Israelites that no precious metals were diverted for anyone's personal use. Thus, he commanded others to audit the books.

The Sidrah begins with a detailed listing of the amounts of gold, silver and copper that was contributed for the construction of the Tabernacle. Despite the fact that metals were deposited with Moses and were under the supervision of Bezalel – people whose greatness and integrity were indisputable, known to the people, and attested to by God – Moses would not rely on assumptions. Leaders must be beyond reproach and must keep accounts of the funds that pass through their hands. Today we would refer to this as transparent accounting records. Moses gave a complete reckoning to the Jewish people of what their donations had been used for. Financial transparency is essential for all organizations and especially those that are supported by the community.

The Talmud (Pesachim, 13a) states that the overseers in charge of the soup in the kitchen were not allowed to purchase surplus food when there were no poor people for whom to distribute it. Surpluses were only allowed to be sold to others so as not to arouse suspicion that the charity overseers were profiting from public funds. The Talmud (Yoma, 38) relates how the family of Garmu, that made the showbread for the Temple, was especially careful to be above suspicion. Their children were never seen with fine bread. Brides from the family of Abtimas never wore perfume since this family made the incense for the Temple.

## 2.8 Honesty in business

The Talmud (Shabbos, 31a) states that: "The first question an individual is asked in the afterlife at the final judgment is: 'Were you honest in your business

dealings?" This statement on its own demonstrates the importance of honesty in business dealings. In fact, all that the Holy One blessed be He desires, is honesty, as it states (Psalms 31:24): "The Eternal safeguards the honest." And it says (Isaiah 26:2): "Open the gates and let the righteous nation enter – they have waited trustingly" and (Psalms 101:6): "My eyes are upon the faithful of the land, that they may dwell with me; he who walks the way of perfect innocence, he shall serve me," and (Jeremiah 5:3): "Surely your eyes are toward those who are faithful." "Whoever conducts his business dealings honestly is liked by humankind and it is considered as though he observed the entire Torah" (Mechilta, Exodus 15:26). Rabbi Shimon Ben Gamliel, in Avos (1:18) states that: "The world endures on three principles: truth, justice, and peace." "One who wishes to become pious must be scrupulous in observing the laws dealing with damages and torts" (Bava Kamma, 30a).

The Talmud states that rather eat vegetables and fear no creditors than eat duck and hide (Pesachim, 114a). The rabbis made this statement several times in different ways. It calls on companies and individuals not to spend beyond their means. Once in debt, you are always fearful of creditors and the humiliation that being in debt can bring (Kahaner, 2003).

Obeying the strict letter of the law is not enough. The Talmud says that Jerusalem was destroyed, for not doing more than the law required (Bava Metzia, 30b). This idea is brought out in the story of Kamtza and Bar Kamtza, which is told in the Talmud (Guitin, 55b). The Talmud uses the term "the way of the pious" to describe the highest form of ethical behavior. A businessperson who leads his or her life according to this standard would rather sacrifice time and money before exploiting another's misfortune (Friedman, 1985).

## 2.9 Fraud and theft

The Talmud's views towards fraud and theft go beyond those of contemporary business ethics thought. Besides acknowledging the rational and logical requirement of honest dealings within the marketplace, the Talmud looks at monetary dishonesty as a transgression against God's will. Regarding stealing, many prohibitions have been stated in reference to it in the Torah: "You shall not steal" (Exodus 20:13), "Nor may you rob" (Leviticus 19:13), "You shall not oppress" (ibid.), "Nor may any man [among you] make a false denial" (Leviticus 19:11), "Or lie against his fellowman" (ibid), "You must not cheat one another" (Leviticus 25:14), "You must not move back the border of your fellowman [s field]" (Deuteronomy 19:14). Such activities lead to Divine retribution (Tamari, 1991).

The Talmud (Bava Batra, 88b) says, "Stealing from a human being is worse than stealing something

that is consecrated [for use in the Beis HaMikdash]<sup>18</sup>, for when referring to the former, [the Torah] speaks first of 'sinning' and only afterwards does it mention 'misappropriation' [while when referring to the latter it speaks first of 'misappropriation' and only then does it mention 'sinning']". Theft requires not only restitution, but repentance before God (*teshuvah*), and may result in an individual becoming ineligible as a witness (Tamari, 1991).

The Talmud (Bava Kamma, 119a) says: "Whoever steals from another, even [something] worth only a prutah, it is as if he has taken his life." [From here] one sees the severity of this sin even with regard to small amounts. The Talmud further states (Ta'anit, 7b) that, "The rains are withheld only because of the sin of stealing." The Torah (Leviticus Rabbah 33:3): "[In] a basket full of transgressions, which sin is the most incriminating? The sin of stealing!" And it was the sin of stealing that finally condemned the generation of the Flood to such harsh punishment (Sanhedrin, 108a).

## 3 Corporate citizenship in the contemporary world

Waddock (2012) defines corporate citizenship, which is sometimes called corporate responsibility, as the ways in which a company's strategies and operating practices affect its stakeholders, the natural environment, and the societies where the business operates. In this definition, corporate citizenship encompasses the concept of corporate social responsibility (CSR), which involves companies' explicit and mainly discretionary efforts to improve society in some way, but is also directly linked to the company's business model in that it requires companies to pay attention to all their impacts on stakeholders, nature, and society. Corporate citizenship is, in this definition, integrally linked to the social, ecological, political, and economic impacts that derive from the company's business model; how the company actually does business in the societies where it operates; and how it handles its responsibilities to stakeholders and the natural environment. Corporate citizenship is also associated with the rights and responsibilities granted to a company or organization by governments where the enterprise operates; just as individual citizenship carries rights and responsibilities, however, companies have considerably more resources and power than do most individuals and do not have the right to vote (Waddock, 2012).

The term corporate citizenship as applied to companies' core business practices, strategies, and impacts became popular particularly in the European Union in the mid-1990s but has been in use at least since the 1950s decades after the Talmudic rabbis had extensively discussed, dissected and explained the

<sup>18</sup> Temple



precepts of corporate citizenship. The corporate world, however, is encouraged to borrow some of the precepts on corporate citizenship from the Talmud, a prominent ancient text that has been revered, studied, and commented upon over and over again for more than a millennium as stated in Jaffee and Fonrobert (2007).

Waddock (2012) states that there are many important codes and principles aimed at putting corporate citizenship efforts into operating practices and strategies. These codes include: the Guidelines for Multinational Enterprises of the Organisation for Economic Co-operation and Development, the Global Sullivan Principles of Corporate Social Responsibility, the Marine Stewardship Council's Principles and Guidelines for Sustainable Fishing, the Natural Step's Sustainability Principles, the UN's Norms on the Responsibilities of Transnational Corporations and Other Enterprises with regard to Human Rights, the Equator Principles (for the financial services industry), the Sustainable Forestry Principles, the Caux Principles, the Business Principles for Countering Bribery, the CERES (Coalition for Environmentally Responsible Economies) Principles, the Clean Clothes Campaign model code, the Workplace Code of Conduct of the Fair Labor Association, the Keidanren Charter for Good Corporate Behavior and the Keidanren Environment Charter, the Canadian Business for Social Responsibility Guidelines, the World Federation of the Sporting Goods Industry Model Code, and numerous others. According to Waddock (2012) one observer at the International Labour Organization, a division of the United Nations, counted more than 400 such principles and codes including individual company codes. Many, although certainly not all, of the core issues embedded in these codes are similar, despite differences in wording and specific focus. These codes and principles evolved, in part, because of societal concerns about corporate practices and impacts.

Employers are obligated to do everything they can to keep their businesses operating and profitable so they can provide employment and build community prosperity. Aaron Feuerstein, President (owner) of Malden Mills, displayed an unusually high level of corporate citizenship after his textile company burned down on December 11, 1995. This was so unusual that President Clinton was moved to invite him to sit with his wife Hillary and daughter Chelsea during the State of the Union address the following month (Kahaner, 2003). Feuerstein could have taken the insurance money and not rebuilt his company. Not only did he choose to rebuild (primarily in order to save the jobs of 3000 employees), but he paid his idled workers for three months and took care of their health-care benefits for six months. The total cost of his generosity was about USD10 million. Apparently, Mr. Feuerstein chose to "keep the ways of the righteous."

Starbucks has made environmental protection a core value of its business. By focusing on this particular value, the company's profits subsequently increase. What started out as a way to help preserve the environment, based on the company's environmental mission established in 1992, also turned out to be profitable (Kahaner, 2003).

One of the companies that understand the importance of giving money and time to charities is the Timberland Company in Stratham, New Hampshire, which produces outdoor apparel (Kahaner, 2003). Its Path of Service program gives all of the company's full-time U.S. employees 40 hours of paid leave to perform community service. Today, the Path of Service program is the cornerstone of the company's community involvement and contributes more than 100,000 total hours of service annually by employees. Standard Chartered bank has instituted more or less the same programme as that of Timberland Company.

According to Standard Chartered Bank, employee volunteering offers employees an opportunity to use their skills to make a unique contribution to the local causes that they support. This helps the organization to forge stronger relationships with the communities in which it operates, helping it to integrate more closely at a local level.

To support its volunteering initiative, the bank provides an additional two days' paid leave each year. Whilst it encourages its employees to get involved with projects aligned with its community and environmental programmes, employees are also free to use this time to support any local charity of their choice. Providing its employees with an opportunity to give back to their local communities helps build their loyalty to the brand, and also establishes itself as an employer of choice to many potential recruits. The bank believes that an important building block in growing a strong successful business is employing staffs who live its values. Employee volunteering is a good way for employees to demonstrate this. This is something that can be achieved on an individual basis or by joining forces with colleagues.

In response to a survey where 31 per cent of the staff said they would like to volunteer but faced challenges in finding opportunities, the bank have launched I-Volunteer in 2010, an online portal where employees can log on to intranet and find volunteering opportunities to match their interest. In 2009, 26,207 volunteer days were taken. The bank states that about 8.3 million dollars equivalent was contributed to the community investment in employee time in 2009. Collectively, human immunodeficiency virus (HIV) champions and Seeing is Believing coordinators spent 15, 573 days volunteering. Volunteering encourages staff engagement, employee loyalty and enhances employee's skills outside of their usual business roles.

Many organizations have in the recent past established programmes for the good of the community. According to Waddock (2012), corporate

leaders began paying significant attention to issues of corporate citizenship during the late 1990s and early 2000s.

According to the Business for Social Responsibility (BSR), a nonprofit association of firms and executives who support the idea of integrating business's social role with its economic objectives, has assembled research that indicates that companies, through their philanthropic giving, may increase customer loyalty and enhance brand image, strengthen employee loyalty and productivity, enhance corporate reputation, and expand into emerging markets (Carroll, 2012).

#### 4 Conclusion

The Talmud is without doubt the most prominent text of rabbinic Judaism's traditional literature. Among Rabbis, of course, the Talmud has been revered, studied, and commented upon over and over again for more than a millennium. The Talmud considers corporate citizenship to be based on the precepts of the Torah. Although the ultimate goal of any business should be profit, the most successful companies have heeded the Talmudic lessons and do not focus on money for money's sake. They think of money as a vehicle for furthering their objectives: the good deeds of research, greater employment, and community and global prosperity. Professor Louis Kaplan, formerly of the Baltimore Hebrew College, has noted that Hillel the Elder's choice of words in his saying: "If I am not for myself, who is for me? And if I am only for myself, what am I?" suggests that a person who is concerned only with himself or herself ceases to be a "who," and becomes instead a "what."

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