

Research Article

Implementation of Islamic Business Ethics in Micro, Small And Medium Enterprises in Dasri Village

Zuni Maulidia*, Wiwit Mustafidah

Ekonomi Syari'ah, Fakultas Ekonomi dan Bisnis Islam, Universitas KH. Mukhtar Syafa'at, Banyuwangi, Indonesia

*Corresponding Author: zunimaulidia9@gmail.com; wiwit@iaida.ac.id

ABSTRACT

This study aims to analyze the implementation of Islamic business ethics in micro, small and medium enterprises (MSMEs) in Dasri Village. The research uses a qualitative method with a descriptive type of research. Data collection techniques with interviews, observations and documentation. The results of the study show that MSME actors in Dasri Village have applied Islamic business ethics principles, including honesty in transactions, not using oaths, and clear pricing. The average business actor shows awareness of the importance of praying before selling and providing generous service to customers. The conclusion of this study confirms that the application of Islamic business ethics among MSMEs in Dasri Village is quite good, creating a more ethical and sustainable business environment.

Keywords: Islamic Business Ethics; MSMEs

1. INTRODUCTION

Islamic business ethics are very important to be applied in MSME actors in Dasri Village because their principles support fair, transparent, and sustainable business practices. By prioritizing values such as honesty, fairness, and social responsibility, MSME actors can not only build a good reputation in the eyes of consumers, but also create a mutually beneficial business environment. The application of Islamic business ethics helps to increase trust between business actors and the community, which in turn encourages local economic growth and community welfare (Pratiwi & Hidayat, 2024).

MSMEs are global actors that need to be taken into account with all their advantages and disadvantages. As Antal Szabó, Regional Advisor on Entrepreneurship and SMEs from UNECE said, "The majority of SMEs work within the framework of the local environment. The consumers are their neighbors who are around their villages/cities/districts/regions. These are their strengths and opportunities. However, they must act by taking into account the external influences and factors of globalization, certain stages of internationalization including the challenges of competitive market players, environmental problems, sustainable economic growth, international standards and information technology". This is what the world community who is a member of the WTO and other world economic organizations is aware of to pay attention to the existence of MSMEs in particular. MSMEs make a significant contribution to world trade. The WTO has provided opportunities by providing a negotiation forum for the MSME community (SMEs) to have market access, strategies and policies to develop themselves in the international market (Dr. Mukti Fajar ND, 2016:75).

The application of Islamic business ethics in Dasri Village has been proven to increase consumer confidence, where research shows that consumers prefer products from MSME actors who apply ethical principles. MSME actors who are transparent in prices and production processes have experienced a surge in customer loyalty, which has a positive impact on sales growth (Fatimah & Zahra, 2024). Islamic business ethics create long-term business stability. MSMEs in Dasri Village that avoid cheating and usury practices show better resilience to the economic crisis, as evidenced by the fact that many of them survived during the pandemic by prioritizing ethics.

MSME actors also contribute to social welfare by supporting social responsibility programs, such as education and public facilities, that improve the quality of life of the community. On the other hand, attention to environmental impacts is also increasing, where MSMEs that use local and environmentally friendly raw materials have succeeded in increasing product competitiveness and contributing to environmental conservation, creating a healthier business ecosystem. In addition, this business ethics creates long-term business stability, as seen when MSMEs were able to survive during the economic crisis. Overall, the application of Islamic business ethics provides broad benefits for MSME actors, the community, and the environment, creating a healthy and sustainable business ecosystem.

The phenomenon that occurred in Indonesia, it is known that micro, small, and medium enterprises (MSMEs) who are known to be simple, honest, tolerant, and caring for others, turn out to take actions that deviate from business ethics which are very detrimental and harmful to public health, such as putting harmful chemicals into products (Firdaus, 2013:22). According to M. Arif R and Abdur R (2024), business people who apply ethics in it can be an added value to their business, because consumers will also clearly feel more comfortable and safe when transacting economically with MSMEs that apply ethics in their business (Silviyah and Lestari, 2022). If you feel comfortable and safe, then one day in the future, the consumer will come back again. This is one of the many advantages obtained when in business activities, business people know and apply ethics in their business practices. MSME actors in Dasri Village are dominated by the Muslim community, it can be seen that the average resident of Dasri Village is a Muslim community. Therefore, by considering the importance of Islamic business ethics as a component that is one of the elements/pillars of a good or successful business, further studies are needed regarding the implementation of Islamic business ethics in MSME business actors in Dasri Village.

2. RESEARCH METHOD

This research method uses a qualitative method with a descriptive type of research. Qualitative research methods are research methods based on the philosophy of postpositivism which is used to research objects with natural conditions (real state, not set or in an experimental state) (Sugiyono, 2019:18). The type of data used is primary data. Data collection techniques with interviews, observations and documentation. Choose the best course of action by looking at substantive theories, researching the subject, and comparing what is found with what is actually happening on the ground. The location of the research was carried out in Balokan Hamlet, Dasri Village, Tegalsari District, more precisely in front of the Dasri Village Office and MSMEs in Dasri Village which we targeted. The data sources of this research are primary and secondary data. The primary data source was obtained from the results of interviews with Mrs. Ani, a seller of onde-onde, Mrs. Win, a seller of fried bambang and one of their customers. Meanwhile, secondary data is obtained from several sources, such as books and scientific journal articles. The data analysis technique is carried out using the method from the theory of Miles & Huberman (1992:16), namely by collecting data, reducing data, presenting data and drawing conclusions. The data analysis technique is a systematic data collection process to make it easier for researchers to obtain conclusions. The opinion put forward by Milles and Huberman, which describes the iterative process of data analysis during data collection in the study. This approach recognizes that the process of collecting and analyzing data does not always run linearly, but involves an ongoing interaction between thinking about existing data and developing strategies for collecting new data. The data obtained is from the results of interviews, field notes, and documentation and then compiled systematically, choosing which is important and what will be studied and making conclusions so that it is easy to understand by yourself and the findings can be informed to others.

3. RESULTS AND DISCUSSION

The results of the study can be known through several principles of Islamic business ethics in MSMEs in Dasri village as follows:

1. Carry out business activities based on Allah's provisions.

The results of the interview with Ani's mother stated as follows:

"Yes, ma'am, I want to work and always pray, first greet then read the letter Al Ikhlas three times, the verse of the chair three times and al-Fatihah which is dedicated to the Prophet Muhammad Hopefully today many people will buy" (interview with Mrs. Ani on September 11, 2024 at 09.00)

The results of the interview above show that Mrs. Ani carried out business activities based on the provisions of Allah by reading Surah al Ikhlas, the verse of the chair which was still read 3 times each and al fatihah which was dedicated to the Prophet Muhammad, this is in line with the results of the interview with Mrs. Win as follows:

"If I want to start working, I always read bismillah and prayers so that it will be given smoothness when working" (interview with Mrs. Win on December 10, 2024 at 08.00)

The results of the interview above show that MSME actors have carried out business activities in accordance with Allah's provisions that every person who will work must pray to Allah. The results of the interviews of the two speakers can be concluded that MSME actors carry out activities based on Allah's provisions by praying and dhikr.

2. Honest

The results of the interview with one of Ani's customers stated as follows :

"Yes, Mrs. Ani is an honest person, the cakes sold by her mother are always new" (interview with Mrs. Mayang on September 11, 2024 at 17.00)

The results of the interview above show that Mrs. Ani conducts business activities based on honesty because according to her customers she always sells new cakes, this is in line with the results of an interview with one of Mrs. Win's customers who stated as follows:

"Mrs. Win is an honest person, because if you sell it, the weight of the scales is appropriate, whether it is increased or subtracted" (interview with Mrs. Lia on December 10, 2024 at 15.00)

The results of the interview above show that MSME actors have behaved honestly when selling. The results of the interviews of the two resource persons can be concluded that MSME actors carry out activities based on the principle of honesty.

3. Selling good quality goods

The results of the interview with one of Ani's customers stated as follows :

"Mrs. Ani, if you look for the ingredients to make the cake that are of good quality, the cake is not easy to stale" (interview with Mrs. Mayang on September 11, 2024 at 17.00)

The results of the interview with Mrs. Win stated as follows :

"I have guaranteed the quality of the shallots I use, especially the shallots I grow myself" (interview with Mrs. Win on December 10, 2024 at 08.00)

The results of the interview above show that MSME actors always sell goods of good quality. The results of the interviews of the two speakers can be concluded that MSME actors carry out activities based on selling goods of good quality.

4. Not using an oath, in the sense of selling in the hope of popularizing goods.

The results of the interview with Ani's mother stated as follows:

"God willing, I never swear when selling" (interview with Mrs. Ani, September 11, 2024 at 09.00)

The results of the interview with one of Mrs. Win's customers stated as follows :

"During my time as a customer of Mrs. Win, I never heard Mrs. Win swear" (interview with Mrs. Lia on December 10, 2024 at 08.00)

The results of the interview above show that MSME actors do not use oaths when selling. The results of the interviews of the two speakers can be concluded that MSME actors carry out activities based on not using oaths so that merchandise becomes popular.

5. Loose and generous, in terms of contact between seller and buyer.

The results of the interview with Ani's mother stated as follows:

"I like to give discounts, because my intention is to worship, not always money, the important thing is to be happy" (interview with Mrs. Ani on September 11, 2024 at 09.00)

The results of the interview with Mrs. Win stated as follows :

"If you give a discount, it has been but not often, yes, adjust it later, if you buy a lot, I will add it later" (interview with Mrs. Win on December 10, 2024 at 08.00)

The results of the interview above show that MSME actors are very generous, because they often give discounts. The results of the interviews of the two speakers can be concluded that MSME actors carry out activities based on looseness and generosity by giving discounts to customers.

6. Administrative discipline.

The results of the interview with Ani's mother stated as follows:

"Yes, I have made a record on one of the applications on the internet, called the Cash Book Application" (interview with Mrs. Ani, September 11, 2024 at 09.00)

The results of the interview with Mrs. Win stated as follows:

"If I used to do bookkeeping, but I just made this business" (interview with Mrs. Win on December 10, 2024 at 08.00)

The results of the interview above show that MSME actors have not fully implemented administrative rules. The results of the interviews of the two speakers can be concluded that MSME actors still have limitations in the implementation of administrative rules, especially in terms of bookkeeping.

7. Set a clear price.

The results of the interview with one of Mrs. Ani's customers stated as follows:

"Yes, at that price, it is very enough with such a portion" (interview with Mrs. Mayang on September 11, 2024 at 17.00)

The results of the interview with Mrs. Win stated as follows:

"Yes, I think it's according to you, because I also look at the materials, the energy used" (interview with Mrs. Mayang, September 11, 2024 at 17.00).

The results of the interview above show that MSME actors have made clear pricing. The results of the interviews of the two resource persons can be concluded that MSME actors carry out activities based on clear pricing by adjusting the materials that have been used. The results of the above research can be concluded that the application of Islamic business ethics to MSMEs in Dasri village is good because it has met several indicators such as doing business in accordance with Allah's provisions, being honest, not using oaths, being generous, using administration and setting clear prices.

Research has been conducted with the results that the application of Islamic business ethics to MSMEs in Dasri village is good because it has met several indicators such as doing business in accordance with Allah's provisions, being honest, not using oaths, being generous, using administration and setting clear prices. In general, there are several Islamic values contained in these basic principles, business ethics that need to be considered in doing business, especially by business people, among others (Djakfar, 2008:101):

1. Carrying out business activities based on the provisions of Allah (Tauhid), based on research that has been carried out in Dasri Village, MSMEs have carried out business activities based on the provisions of Allah by reading prayers and dhikr to Allah, but this also has a difference in results with Sudarsono in 2022 entitled "Implementation of Islamic Business Ethics in Micro, Small, and Medium Enterprises (MSMEs) in Kudus Regency" (Sudarsono, 2022) with the results of research that has been carried out in Kudus, the principle of monotheism has not been fully implemented because business activities interfere with compulsory worship. This research is in line with the research conducted by Mutiara et al in 2024 entitled "Implementation of Islamic Business Ethics for Micro, Small and Medium Enterprises (MSMEs) in Sibulue District" (Mutiara et al., 2024) with the results of research on the principle of monotheism has been carried out by MSME actors in Sibule because they believe that they are always supervised by Allah.
2. Carrying out business activities based on honesty, based on research that has been carried out in Dasri Village, MSMEs have carried out business activities based on honesty with the statements of their customers, namely using halal ingredients and appropriate weighing weights, this is also corroborated by Q.S At Taubah verse 119:

يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَكُونُوا مَعَ الصَّادِقِينَ ﴿١١٩﴾

Meaning: *"O you who believe, fear Allah and stay with the righteous"*.

The affirmation that Allah is the Recipient of repentance is followed by the command: O you who believe, fear Allah earnestly seeking to carry out His commandments and shun His prohibitions, and let you be with those who are righteous, honest in their words, deeds and deeds. Research It also has similar results with Dwi Febriyanti & Siti Mujiatun in 2024 entitled "Analysis of the Application of Islamic Business Ethics to Muslim Micro, Small and Medium Enterprises (MSMEs) Food and Beverage in Hamparan Perak" (Dwi Febriyanti & Siti Mujiatun, 2024) With the results of the research, the company tries to be honest in transactions. There is also another research that is appropriate, namely a study conducted by M. Arif Romadhoni & Abdur Rohman in 2024 entitled "The Implementation of the Application of Islamic Business Ethics in Micro, Small and Medium Enterprises" (Romadhoni et al., 2024) With the results of research, MSME actors always apply the concept of honesty by selling products that have good quality, given a price equivalent to the value of the price pegged.

3. Selling goods with good quality, in this case for transparency in running a business, there is no element of fraud in it. Based on research that has been conducted in Dasri Village, MSMEs have carried out business activities in accordance with Islamic business ethics by means that the goods used are materials that have good quality and there is no element of manipulation with other materials that are not in accordance with Islamic law. Other research also has similar results, namely with Sudarsono's 2022 research entitled "Implementation of Islamic Business Ethics in Micro, Small, and Medium Enterprises (MSMEs) in Kudus Regency" (Sudarsono, 2022) with the results of research that MSME actors have carried out business ethics by selling good quality goods and in accordance with sharia.
4. Not using an oath, in the sense of selling sworn goods in the hope of popularizing merchandise. Based on research that has been conducted in Dasri Village, MSMEs have carried out business activities based on not taking an oath when selling products, this statement was said by one of his customers, namely when selling not taking an oath and saying in accordance with the existing one. This research also has similar results with Sudarsono's 2022 study entitled "Implementation of Islamic Business Ethics in Micro, Small, and Medium Enterprises (MSMEs) in Kudus Regency" (Sudarsono, 2022) with the results of research that MSME actors have practiced business ethics by not taking an oath when selling their goods.

5. Loose and generous, in terms of contact between sellers and buyers, ease of buying and selling, in the modern context of after-sales service (after sales). Based on research that has been conducted in Dasri Village, MSMEs have carried out business activities based on looseness and generosity by providing discounts to customers. This research also has similar results with Sudarsono's 2022 paper entitled "Implementation of Islamic Business Ethics in Micro, Small, and Medium Enterprises (MSMEs) in Kudus Regency" (Sudarsono, 2022) with the results of research that MSME actors have carried out business ethics by providing discounts.
6. The administrative discipline referred to in this context refers to the process of recording and managing financial transactions that is orderly, neat, and in accordance with certain standards. In the business world, good bookkeeping is part of administrative practices that support effective financial management. This bookkeeping can be done manually in the ledger, Excel, or using financial applications such as BukuKas, Jurnal, or QuickBooks to make administrative management easier. Neat bookkeeping helps ensure that businesses remain monitored and risks can be minimized. Based on research that has been conducted in Dasri Village, MSMEs have carried out business activities based on administrative discipline but are not optimal because they use a simple method. This research is in line with Sudarsono's 2022 entitled "Implementation of Islamic Business Ethics in Micro, Small, and Medium Enterprises (MSMEs) in Kudus Regency" (Sudarsono, 2022) with the results of research that MSME actors have carried out business ethics by making manual bookkeeping.
7. Set clear, or transparent, prices to avoid fraud. Set prices openly and fairly, and not arbitrarily. Based on research that has been carried out in Dasri Village, MSMEs have carried out business activities based on clear pricing by adjusting the labor and materials that have been used, and this also has the same results with Sudarsono in 2022 entitled "Implementation of Islamic Business Ethics in Micro, Small, and Medium Enterprises (MSMEs) in Kudus Regency" (Sudarsono, 2022) with the results of research by MSME actors who have carried out ethics business by selling merchandise at the appropriate price value.

4. CONCLUSION

Based on the results of the analysis studied by the author, it can be concluded that MSME business people in Dasri Village are good at implementing Islamic business ethics including principles with the provisions of Allah, honesty, not using oaths, being generous and setting clear prices. But there are still many MSME actors in Dasri Village who have not implemented a neat and orderly administrative system. This results in difficulties in managing finances and recording transactions, which in turn can hinder the growth and sustainability of their business.

REFERENCES

- Arifin, Johan. (2009). Islamic Business Ethics. Semarang: Walisongo Press.
- Badroen, Faisal. (2006). Business Ethics in Islam. Jakarta: Kencana.
- Ariningrum et al. (2021). Business Ethics Training and Preparation of Simple Financial Reports for MSMEs in Sumberrejo Village, Kemiling District, Bandar Lampung. *JAPMA: Journal of Community Service of Accounting Study Program*, 1(2), 40–47.
- Djakfar, Muhammad. (2008). Islamic Business Ethics: Theoretical and Praxis Level. Malang: UIN Malang Press.
- Ethika, I., Islam, B., Usaha, P., Kecil, M., & Umkm, M. (2024). Al-Muqayyad. 73–83.
- Fajar, Mukti. (2016). MSMEs in Indonesia: Economic Law Perspective. Yogyakarta: Student Library.
- Fatimah, F., & Zahra, A. (2024). An approach to increasing sales by building brand loyalty through customer trust. 1(1).
- Khumairoh, G. V. (2018). The Importance of Ethics in the Growth of Micro, Small and Medium Enterprises (MSMEs) in the Global Era. University of Muhammadiyah Sidoarjo, 1–9.
- Muhammad. (2004). Islamic Business Ethics. Yogyakarta: AMP YKPN.
- Mutiara, Mutiara, et al. 2024. Implementation of Islamic Business Ethics for Micro, Small and Medium Enterprises (MSMEs) in Sibulue District. *Al-Muqayyad Journal*. 2024
- Nurhisam, Luqman. (2016). *Islam, Muhammad, And Business Ethics. Proceeding International Conference on Islamic Economics Studies*. IAIN Surakarta: Fakultas Ekonomi dan Bisnis Islam. 8-22.
- Pambudi, B. S. (2018). The application of business ethics in small and medium enterprises through the use of computer mediated communication / Instagram social media. *National Seminar and Call for Paper Sustainable Competitive Advantage (SCA) 8, September*, 1–8.

- Pratiwi, A., & Hidayat, K. (2024). Development of Sharia Economic Partnerships for Community Welfare in Indonesia. *NOMISMA: Journal of Economics, Business and Management*, 2(1), 24–41.
- Rindjin, Ketut. (2004). *Business Ethics and Its Implementation*. Jakarta: Gramedia Pustaka Utama.
- Romdhoni, Arif. 2024. Implementation of the Application of Islamic Business Ethics in Micro, Small and Medium Enterprises. *Journal of Academic Media (JMA)*. Vol. 2 No. 6, June 2024.
- Silviyah, N. M. and N. D. L. (2022). The Influence of Islamic Business Ethics in Improving MSMEs. *AL-IQTISHOD: Journal of Islamic Economic Thought and Research*, 10(1), 96.
- Sinaulan, Jefri H. (2016). The important role of business ethics for Indonesian companies in competing in the era of the ASEAN Economic Community. *Major Economic Analysis: Journal of Financial Economics and Management*, Vol 10 (2). 19-32.
- Sudarsono. 2022. Implementation of Islamic Business Ethics in Micro, Small, and Medium Enterprises (MSMEs) in Kudus Regency. *Journal of Sharia Economic Law*. Vol. 5 No. 2, 2022.