

**Islamic Business Ethics: Case Study of Puspa Sharia Micro Business Actors in Bank Indonesia West Java Region in Bandung 2017**  
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**Abstract.** This research is based on problems in MSMEs, including poor administration, low product competitiveness, low human resources, lack of mastery of science, quality of service, and use of quality goods (Halal & Thayyib). This study aimed to measure the level of implementation of Islamic Business Ethics for MSME players in the PUSPA Bank Indonesia program in West Java in Bandung in 2017. The research method used was descriptive quantitative with data analysis techniques using descriptive statistics. The number of research samples is 50 consumers from 4 MSMEs engaged in the service, food, and craft sectors. The results of the study show that the level of implementation of Islamic Business Ethics in micro-business actors guided by the PUSPA program in Bank Indonesia in West Java in 2017 is in very good criteria, dimensions that need to be improved are the orderly administrative dimensions and the dimensions of freedom with good criteria. In contrast, the dimensions of responsibility, justice, and Truth are included in the criteria very well. The impact of this research shows the need for improvement of several indicators because it has implications for business progress and increased competitiveness of MSMEs themselves.

**Keywords.** Islamic Business Ethics, UMKM, PUSPA

## INTRODUCTION

The existence of SMEs in Indonesia is very important. Currently, the number of SMEs in Indonesia is as much as 56.6 million units or 99.99% of the total business actors. The data with details of Small businesses is 2.017 million units (4.05%), Medium Business 120.253 units (0.24%), and Micro Businesses 47.702 million units (95.70%). In addition, the SME sector can contribute to Indonesia's GDP as much as Rp. 2,121.3T (53.6%) and investment turnover of Rp. 462.01T (46.9%) and able to absorb employment of 91.8 million people (97.33%).

However, micro-entrepreneurs as a driver of the people's economy and the nation's economic savior with a total of 99.9% (very dominant), the condition is still marginalized. This was coupled with various parties' minimal attention, and access to financial institutions was very low (not bankable). In addition to the above problems, problems that often arise in MSMEs are; 1) Capital sources still contain usury, 2) Materials and production processes still ignore the principle of halalan thayyiban, 3) The application of low Islamic business ethics or the tendency of sharia compliance in business is still minimal (Juliana et al. 2018).

In connection with the problem of applying Islamic business ethics, now the facts show this. Not a few of the MSME actors tend to ignore the principles of Islamic business ethics in their efforts. Even though Islamic business ethics is a technical and applicative guide sourced from the Qur'an and hadith. (Juliana et al., 2017).

In 2015, Bank Indonesia in the West Java region of West Java issued an innovative program in the form of sharia-based SME assistance, named PUSPA (Assistance to Sharia UKM Practitioners and Academics). BI's PUSPA program provides assistance covering several aspects, including planting sharia values, developing variants and product innovations, and improving the quality of products and packaging. Similarly, the aspects of marketing and financial accounting (Sidik, 2016). This program will certainly have an impact on solving problems that often occur in MSMEs.

The results of the study of Juliana and Habibah (2017), which examined Sharia Compliance and Islamic business ethics in the center of the Cianjur cap, showed that the existence of a religious education center or pesantren had an impact on the level of implementation of Islamic business ethics, as well as the PUSPA program in collaboration with the Misykat DPU Daarut Tauhid in the spiritual development of SMEs who are members.

The purpose of this study is to measure the level of implementation of Islamic Business Ethics in MSME actors who have participated in the mentoring program in 2017.

## LITERATURE REVIEW

### THEORETICAL FOUNDATION

#### a. Islamic Business

Islamic Business Islamic Business is a series of business activities in various forms that are not limited to the amount of property ownership, including profit, but are limited in the way they are obtained. The utilization of assets is due to halal and haram rules. (Yusanto; 2002)

From this understanding, it can be concluded that business is an activity that makes buying and selling between producers and consumers of goods and services, where there is no limit in achieving benefits and benefits, but how to obtain it in the teachings of the Qur'an, Sunnah, Al-Ijma and Qiyas (Ijtihad).

The business principle exemplified by Rasulullah SAW, quoted from Norvadewi (2015) in his journal, namely, the first principle is Customer Oriented, namely Business principles that always maintain customer satisfaction (Afzalurrahman, 1997). Second is transparency regarding quality, quantity, composition, chemical elements, and so on to create a sense of security and comfort for consumers.

The Third Principle is Healthy Competition by giving each other the best services, product innovation, and the absence of collusion. Fourth, justice practices consumers by not committing fraud and providing the same service to all consumers.

#### b. Islamic Business Ethics

The word Ethics comes from the Latin 'ethos', which means 'habits.' The synonym is 'moral,' also comes from the same language 'mores', which means 'habits.' Whereas Arabic is 'akhlak', the plural form of the mufrad Nya khuluq 'means 'character.' Both can be interpreted as habits or customs (custom or more), which refers to human behavior itself, actions or attitudes that are considered right or good (Hasan, 2009).

Ernani explained Business Ethics, namely the principle rules in the organization that serves as guidelines for making decisions and behavior (Hadiyati, 2009).

Based on the explanation above, Aziz (2013) concluded that Islamic Business Ethics is a process and an effort to know the right thing regarding the product, the company's service with those who have an interest in the demands of the company.

Djakfar said that Islamic business ethics as ethical norms based on the Qur'an and Hadith must be used as a reference by anyone in business activities (Djakfar, 2012, p. 29). Thus the Islamic Business Ethics is included in Theological Ethics, which is a measure of theological ethics is good or bad of human actions based on the teachings of God (Yaqub, 1985).

Furthermore, Djakfar (2012, pp. 34-41) explains the Dimensions of Islamic Business Ethics, including being honest, selling goods of good quality, prohibited from using oaths, being loose and generous, building good relations between consumers, orderly administration, and setting prices.

Whereas Al-Khatib & Al-Torkistan (2000) mention the principles of Islamic Business Ethics, which cannot be separated from the values of At-taqwa, As-Sidq, Al-Amanah, Al-Ihsan, Al-Istiqamah, An-nasihah, At -tasamuh, and Al-I'tida. Whereas Syed Nawab Haidar Naqvi, in the book "Ethics and Economics: An Islamic Synthesis," states that Islamic business ethics is inseparable from the four axioms of economic ethics, which consist of tauhid, balance (justice), freedom, and responsibility (Nawatmi, 2010).

Nawatmi (2010) details five principles of business ethics in Islam that are not much different from those delivered by Syed Nawab Haidar Naqvi, including those principles: Unity, Balance, justice, and Freedom of will, responsibility, and Truth.

**c. Dimensions and Indicators for Implementing Islamic Business Ethics**

In this study, the indicators used in measuring the implementation of Islamic business ethics are adjusted by the object of research used, namely consumers of MSME players. It can be concluded that the indicators for implementing Islamic business ethics are:

1. Orderly administration: There are records of consumer orders and have consumer complaints data
2. Responsibilities: There is a guarantee, guaranteed security of consumers, and there is no element of gharar
3. Justice: Does not distinguish consumers.
4. Freedom: There is a means of criticism, Freedom of Choice, and Freedom of contract (khiyar)
5. Truth: Roomy and fulfilling the agreement

**PREVIOUS RESEARCH**

Research conducted by Leli Rosiyana et al. (2017) analyzes the Implementation of Islamic Business Ethics at the Malang Branch of *Waroeng Steak and Shake*, which examined the values of Islamic business ethics, including Unity, Balance, Free Will, Responsibility, and Virtue. This research shows that the company should be following Islamic Business Ethics does not work easily, especially from the *Ruhiyah* aspect where there are still employees who are not accustomed to *Ruhiyah* activities. Thus, the treatment needs to be given to employees who are not used to it. Yet, the supporting factors for implementing the principles of Islamic Business Ethics are inseparable from the role of internal leadership to provide concrete examples to their employees.

The research related to the PUSPA program, such as the research from Khayatun Nufus et al. (2017) which examines the effectiveness of the Micro, Small, and Medium Enterprises Assistance Program in Improving the Welfare of Businesses. The study states that 93% of assistants follow their duties and functions, namely the Possibility (enabling), Empowering, Protecting, and Supporting the programs implemented and following the theory and parameters of assistance from the West Java Region of Indonesia. While in terms of world welfare and the hereafter with measures of religious teachings, food, clothing, housing, health, income, education, social interaction, transportation, news, and recreation have an average of 54.8. It means that business practitioners are included in the first and second stages of the prosperous family category as they have fulfilled stage I and almost fulfilled phase II.

**RESEARCH METHODOLOGY**

This study using descriptive methods. Descriptive methods are used to obtain a complete and accurate description of a situation (Kuncoro, 2011, p. 17).

The sampling technique used is Convenience. This technique is used to facilitate researchers in assessing the implementation of Islamic business ethics by finding consumers who are willing to be asked for their responses.

In this study, the sample examined was 50 consumers from 4 MSMEs assisted by the 2017 PUSPA Program representing several business fields, namely, MSMEs from the culinary, fashion, services, and crafts sectors.

The weighting of the results of the assessment data management is as follows:

**Tabel 1**  
**Data Observation Weight**

No	Range	Interpretation
1.	1 - 2,5	Poor
2.	2,6 – 4	Good Enough
3.	4,1 - 5,5	Good
4.	5,6 – 7	Very Good

Source: Ferdinand (2014)

## DISCUSSION

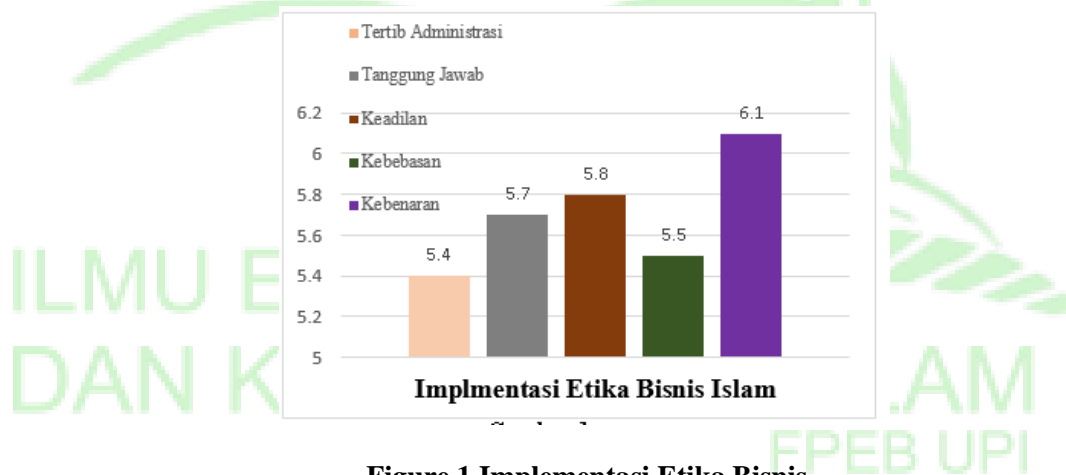
Al-Qur'an surat Al-maidah verse 1 explains to fulfill every contract or agreement made between seller and buyer, if there are promises. The PUSPA program is implemented in 2017 involving 23 MSMEs domiciled in Bandung its surroundings. The PUSPA program consists of several business fields, namely services, culinary, and handicrafts. In this study, four micro business actors were taken from each business field, and the following is a table of the distribution of research objects:

**Tabel 2**  
**Micro Business Distribution**

Business Field	Name	Owner
Services	Diff Reflexology	Dudu Hafidz
Services	Penjahit Wahyu	Beti Sri Kartini & Yuyu Wahyudin
Culinary Craft	Warung Opi Kumis Flanelyn	Enih Pidiah Rini Rochaeni

Source:

The study results generally indicate the level of implementation of Islamic business ethics of MSME actors in the excellent category with an average value of 5.7. The following are the results of the assessment of each dimension assessed:



**Figure 1 Implementasi Etika Bisnis**

The explanation of each dimension can be explained as follows:

1) Administrative Order

The results of the study show that the Orderly Administration dimension is in good criteria with an average value of 5.4; the following is the assessment:

**Table 3**  
**Implementation of Administrative Order Dimensions**

Indicator	Result
There is a record of consumer orders	5,5
Have consumer complaint data	5,4
<b>Average</b>	<b>5,4</b>

The purpose of recording consumer complaints is to evaluate the performance of business operations to increase customer satisfaction and trust; recording consumer orders aim to avoid delays

and incompatibility with consumer desires.



5) Truth



Truth is reflected in the intention, attitude, and correct behavior in carrying out various processes, both the transaction process, obtaining commodities, the product development process, and the process of obtaining profits. The following are the results of the study of the implementation of dimensions.

Based on the results of this study, the implementation of the dimension of Truth is in good criteria with an average value of 6.1. The seller's response measures field indicators if he receives criticism or suggestions. The indicator fulfills the promise with a measure of the timeliness of fulfilling the agreement and fulfilling the agreement if there is a promised price discount. Related to time, number of quantity, quality, and bonus, here is the verse;

وَلْيُؤَدِّ الْعُقُودَ  
الَّتِي بَيْنَ يَدَيْهِمْ  
وَلْيُؤْتُوا  
مَتَاعَهُمْ  
فِي سَعْتِهِمْ  
وَلْيَحْضِرُوا  
الْعُقُودَ  
الَّتِي بَيْنَ يَدَيْهِمْ  
وَلْيُؤَدِّ الْعُقُودَ  
الَّتِي بَيْنَ يَدَيْهِمْ

"O ye who believe, fill the aqad-aqad." (Q.S Al-Maidah: 1)

## CLOSING

### Conclusion

The implementation of Islamic Business Ethics is included in the criteria of Very Good, but in this case, several dimensions need to be improved; even though the dimensions are included in the criteria of good, the dimensions that need to be improved are orderly administration and freedom. The problem of orderly administrative dimensions is the lack of consistency of micro business actors in recording various matters related to their business, such as recording orders that have benefits to avoid mistakes that are not desired; this is regulated in law number 8 of 1999 article 4, where consumer rights are to obtain compensation for goods purchased if the goods or services received are not in accordance with the agreement.

### Suggestion

Consumers at a young age are very concerned about good service, good access to information, and a way to build good relations with customers. For this reason, special training is needed for MSME (UMKM) practitioners for matters highly considered by young consumers. Besides, the need for training provided related to web-based or digital marketing is very important. As for administration, this problem does not lie in an administrative system that is not easily understood but the consistency of MSME (UMKM) practitioners in reporting administration in their business. Thus, the recommendation in solving administrative problems is to train the consistency of MSME (UMKM) actors by taking control of records every week of their assistance.

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