

IMPLEMENTATION OF ISLAMIC BUSINESS ETHICS IN SMALL AND MEDIUM ENTERPRISES (SMEs)

Supriadi

supriadihamid2@gmail.com

M. Wahyuddin Abdullah

tosir_wahyu@yahoo.com

Sharia Economic Departement

Postgraduate Program

Universitas Islam Negeri Alauddin Makassar

ABSTRACT

The purpose of this paper is to find out the concept of Islamic business ethics and its implementation in Small and Medium Enterprises (SMEs). Small and Medium Enterprises (SMEs) are individual businesses or business entities that are currently experiencing rapid development. Its development certainly must be accompanied by ethical awareness as exemplified by Rasulullah saw. which is actualized through his characteristics. Thus, the business carried out is not just to get profit only but also blessing. Therefore, Islamic business ethics in Small and Medium Enterprises (SMEs) is very important to implement.

Keywords: Islamic Business Ethics, SMEs

INTRODUCTION

Small and Medium Enterprises or abbreviated as SMEs are one of the businesses that play an important role in advancing the national economy. The presence of SMEs is a solution that can contribute to overcoming the problem of unemployment and poverty through management and business skills.

Experience shows that after the economic crisis of 1997-1998, several Small and Medium Enterprises (SMEs) could survive and continue to show their existence until now. It is recorded that in 2019, the number of entrepreneurs in Indonesia reached 3.1% of the total population in Indonesia, around 260 million or around 8.06 million people. This number exceeds international standards by 2%, even this year, the government is optimistic that it can reach 5%. A fairly high increase compared to 2017 was 0.43% of the total population of productive age. This percentage is also supported by data in the statistics center in 2019 that the contribution of Small and Medium Enterprises (SMEs) to Gross Domestic Product (GDP) reached 65% or around 2,394.5 trillion compared to last year which reached around 60.34%. This high percentage has a very significant impact on the welfare of the community, especially in the middle-income community.

The rapid development of Small and Medium Enterprises (SMEs) from year to year, of course, must be supported by ethical awareness in business. The application of Islamic business ethics must be able to be carried out in every implementation of the economy which includes production, consumption, and in the field of distribution. A healthy business is a business based on ethics. Therefore, Muslim business people should have a strong business ethics framework by making the Rasulullah saw. as the best example in creating a business, so that the effort carried out is not only to obtain worldly benefits, but can provide a value of blessing.

THEORETICAL BACKGROUND

A. Concept of Islamic Business Ethics

The Islamic business ethics is based on the Qur'an and Hadith, the thoughts of the scholars in the form of ijma or qiyas and business experience among Muslims. Ethics comes from the word ethos which is in Greek which means custom. In Webster's dictionary, ethics is the distinguishing character, sentiment, moral nature, or guiding beliefs of a person, group, or institution. While business is a general term that describes all activities and institutions that produce goods and services in everyday life. Thus, business is a total number of efforts which include agriculture, production, distribution, transportation, communication, business services, and government which are generally emphasized on three things, which are individual businesses, large business enterprises, and businesses in the economic structure of a country.

If combined, the words ethics and business become business ethics, business ethics can be defined as a set of principles and norms in which business people must commit to them in dealing, behaving, and relating to achieve the objectives of the business being carried out. According to Arijanto (2001), business ethics is a part that cannot be separated from business activities carried out by business people. Ethical issues and obedience to the law are a solid basis that must be owned by business people and will determine what actions and behavior will be carried out in their business. Furthermore, according to Sudarsono in Mardatillah (2013), Islamic business ethics is an ethical doctrine based on the teachings of Islam contained in the Qur'an and Sunnah. Thus, it can be concluded that Islamic business ethics is a reflection of ethical principles that distinguish good and bad, right, wrong, etc. that are then actualized through business activities.

B. SMEs and Their Characteristics

Based on Law Number 20 of 2008, Small and Medium Enterprises (SMEs) are small companies owned and managed by someone or owned by a small group of people with a certain amount of wealth and income. According to Zulkifli (2008), Small and Medium Enterprises (SMEs) are companies that are considered representative based on annual sales turnover or the number of full-time employees. Small and Medium Enterprises (SMEs) consist of three types of businesses based on their scale, which include micro enterprise, small enterprise, and medium enterprise. The characteristics of Small and Medium Enterprises (SMEs) can be seen in the table below:

Business Scale	Criteria
Micro Enterprise	<ul style="list-style-type: none"> - Having a maximum net worth of Rp. 50 million - Has annual sales of up to Rp. 300 million
Small Enterprise	<ul style="list-style-type: none"> - Having a net worth of more than Rp. 50 million to Rp. 500 million (excluding land and building for business premises) - Has annual sales of more than Rp. 300 million to Rp. 2.5 billion
Medium Enterprise	<ul style="list-style-type: none"> - Having a net worth of more than Rp. 500 million to 10 billion (not including land and buildings for business premises) - Has annual sales of more than 2.5 billion to 10 billion

Source: RI Law Number 20 of 2008 concerning Small and Medium Enterprises

Based on the table above, it can be seen that there are differences between the three types of enterprises. Generally, small, medium-sized

enterprises have great potential in recruiting labor, so this business is usually referred to as people's businesses.

Therefore, the existence of Small and Medium Enterprises (SMEs) must continue to be developed in the current global era. Given the role of Small and Medium Enterprises (SMEs) as a source of support for economic growth in various economic sectors that contribute a large portion of Gross Domestic Product (GDP).

METHODOLOGY

The research method used is descriptive analysis. The type of data used is secondary data in the form of articles and research reports. Then the data collection techniques used are literature studies and documentaries. Library study is an activity relating to collection of library data, reading, recording, and processing research materials. While documentaries are carried out by collecting and reviewing several relevant scientific articles.

RESULTS

Islamic business ethics in small and medium enterprises (SMEs) can be applied by emulating the characteristics of Rasulullah in business, which are:

- Shiddiq

Honesty is the most fundamental principle in business activities. The values contained in the properties of siddiq are:

- 1) Truthfulness in thinking, intention, speech, action, right in mind, intention, words and actions are manifestations is the character of siddiq (honest). This characteristic should be applied by all business actors, both in the fields of production, distribution and consumption.
- 2) Peace of Mind. Clear in the mind is also a manifestation of the character siddq. A trader or entrepreneur always has no initiative to apply an illegitimate business such as cheating, buying and selling prohibited or illicit goods, cheating, and actions that can harm consumers or buyers.
- 3) Walk the talk, say the right thing. In small and medium enterprises (SMEs), entrepreneurs or traders should say and show the real condition of the goods sold. If the item is defective, then he or she must say it correctly.

As in the hadith of Rasulullah saw.

حَدَّثَنَا (محمد) بن المثنى : حَدَّثَنَا يحيى بن سعيد عن شعبة ح: وَحَدَّثَنَا يحيى بن سعيد وعبد الرحمن بن مهدي قالا : حَدَّثَنَا شعبة عن قتادة, عن أبي الخليل, عن عبد الله بن الحارث, عن حكيم بن حزام عن النبي صلى الله عليه وسلم ((البيعان بالخيار ما لم يتفرقا فإن صدقا وبينا بورك لهما في بيعهما وإن كذبا وكتما محقت بركة بيعهما))

Meaning:

The Prophet. said: the seller and the buyer, both are free to determine (to cancel and continue) as long as they have not separated, or until they separate. If both are honest and explain (the condition of the goods correctly), then bless buying and selling for both. And if you hide something and lie, the blessings of buying and selling are both removed.

- Amanah

A professional Muslim must have the same nature, which are trustworthiness and responsibility. Amanah is the trustworthiness in someone in all business transactions with all business people and relations; both the most important Muslim and non-Muslim who follow the Shari'a of Allah. Thus, the obligation of businessmen in small and medium micro businesses is the need to provide goods or services that are community needs at reasonable prices, sufficient quantities and adequate uses and benefits.

- Fatanah

Fatanah which in Arabic means capable or intelligent, also interpreted as intellectual, ingenuity or wisdom. A person who is fatanah means that one can understand, comprehend and deeply appreciate everything that is his duty and obligation.

In business people who run small and medium micro businesses there are at least four intelligences that must be possessed, which are intellectual intelligence, emotional intelligence, creative intelligence, and spiritual intelligence. Of all the intelligence that is the guide is spiritual intelligence. This intelligence seems to be a benchmark of all other intelligences and is the hope of all business ventures. Therefore, good and smart business people are those who are able to develop their business and handle business problems wisely and well.

- Tabligh

This attitude is also very important for business people, because this attitude is related to how a businessman can convince buyers with communication skills, so that buyers are interested in buying these items.

The basic value of tablig is communicative and the business value is sociable, smart sellers, job descriptions, delegation of authority, teamwork, coordination, have control and supervision. If the nature of the tablig is applied in business, it can be transformed into communication skills and arguments in conveying something. Likewise, in reporting and presentation, everything is done with techniques that really aim so that the intent and purpose and everything is conveyed correctly, not just conveyed.

CONCLUSION AND FURTHER STUDY

Islamic business ethics in Small and Medium Enterprises (SMEs) is very important to be applied in every business activity. Building Islamic business ethics values should refer to the characteristics of Rasulullah saw. which are siddiq (honest), amanah, fatanah and tablig. Thus, the business implemented does not only produce material benefits, consumer trust, is able to maintain its business activities in the midst of competition and the most important thing is that the entrepreneur gets blessings in it.

This paper aims at providing an explanation on how Small and Medium Enterprises (SMEs) should perform ethical according to the framework of Islamic business ethics. Thus, Islamic business ethics is necessary for Small and Medium Enterprises (SMEs) industry. It is essential because of it is a valuable business tool, essential for identifying and resolving questions of business conduct.

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