

## Business Ethics In Islam

Sri Sukarningsih <sup>1</sup>

Deliana <sup>2</sup>

<sup>1</sup> Student of the Postgraduate Program in Economics, Muhammadiyah University, North Sumatra (Email: hondaarista\_cici@yahoo.co.id)

<sup>2</sup> Student of the Postgraduate Program in Economics, Muhammadiyah University, North Sumatra (Email: delimeerz@gmail.com)

---

### ABSTRACT

*Business ethics is becoming something important today. Many cases of violations in the business world in the past that have had a negative impact have raised the importance of business ethics awareness. Islamic business ethics in every aspect of the company in terms of the implementation of the axioms of Islamic business ethics namely monotheism, balance, responsibility, free will, and virtue (ihsan). The application of Islamic business ethics has a positive impact on the entire operational process of the company. This is indicated by the results of the analysis of several aspects, namely aspects of marketing, management and human resources, legal, social, environmental impact, and financial aspects. The concept of business in Islam involves the concepts of wealth, income and material goods which belong to God, and humans only belong to Him. As a consequence, every Muslim has a responsibility to establish justice in society. Islamic business ethics has two inherent aspects namely honesty and fairness. The principle of honesty will give birth to various praiseworthy attitudes, namely: do not cover the defects of goods sold, do not commit fraud in buying and selling, do not commit gharar, and all kinds of transactions that are prohibited in Islam. While the principle of justice includes balance and responsibility. Balance in the world and the hereafter and responsibility to fellow human beings and responsibilities.*

**Keywords:** *Business Ethics, Islam*

### INTRODUCTION

Business has become an important aspect of human life. It is very natural that Islam provides guidance in the field of business. The business of looking for profit as much as possible even through unethical ways has become a bad business impression. Business ethics is very urgent to put forward in the era of globalization that occurs in various fields and often ignores ethical and moral values. Therefore, Islam strongly emphasizes that business activities are not merely a means of satisfying desires but rather an effort to create a balanced life accompanied by positive behavior rather than destructive.

Medan, Desember 10-11, 2019

In a general perspective, ethics is defined as a device that regulates human behavior. (Faisal, Badroen, 2006: 12). Ethics provides guidance for humans on what to do, what not to do. (Rofiah, K, 2014: 9). Thus the existence of ethics will create peace and tranquility in human life. In the Islamic perspective, ethics is often associated with the term morality (khuluq) which is more or less the same meaning as ethics, namely guidelines for funding what is allowed to be done and what is not to be done. Although they have almost the same definition, ethics and morality have different sources. Ethics are based on habits or customs that are considered good, but morality comes from the Qur'an and Hadith. (Muslich, 2004: 28).

According to Harahap stated that ethics or morals in Islam are the result of the faith, Islam, and devotion of a human being based on a strong belief in the truth of Allah. Allah's command. in His revelation it is not only related to ritual worship, but also related to good deeds towards fellow human beings and the environment as a form of implementation of the social piety of Muslims. (Rofiah, K, 2014: 11). Muslich revealed that ethics in Islam concerns the norms and the requirements or teachings that govern the life systems of individuals or institutions, groups and communities in the interaction of the lives of the three in the context of society and relations with Allah. and its environment. When dealing with moral teachings, it contains the values of good-bad, right-wrong, accepted or not a behavior according to certain norms, rules, teachings, and laws. (Muslich, 2004: 31).

Business ethics is becoming something important today. Many cases of violations in the business world in the past that have had a negative impact have raised the importance of business ethics awareness. Just as the purpose of business is profit (money), so many times people ignore norms or ethics to achieve that goal. Gondal said the significance and importance of business ethics can be analogous to the foundation of a building. It plays the same vital role as foundations and pillars in building and designing building frameworks. Because no one can imagine a building without foundation and pillars, like no business without ethics with a touch of honesty and integrity. Islam is an integral rule that covers all aspects of human life, and is a guide for all human activities including economic and business activities.

Islamic business ethics in every aspect of the company in terms of the implementation of the axioms of Islamic business ethics namely monotheism, balance, responsibility, free will, and virtue (ihsan). The application of Islamic business ethics has a positive impact on the entire operational process of the company. This is indicated by the results of the analysis of several aspects, namely marketing, management and human resources, legal, social, environmental impact, and financial aspects. Islam is a comprehensive religion, so that all activities of a Muslim must be based on Islamic ethics, including in business. Business ethics is not only seen from the ethical aspect partially, but it is seen as a whole that contains generally accepted rules in the Islamic religion. It means that business ethics according to Islamic law must be built and based on the principles of unity, equilibrium, free will, responsibility and truth, wisdom, wisdom ) and honesty (fair). (Chairiawaty, 2012: 22).

The concept of business in Islam involves the concepts of wealth, income and material goods which belong to God, and humans only belong to Him. As a consequence, every Muslim has a responsibility to establish justice in society. (S.S., Harahap, 2011: 6). Islam does not just let its adherents work at will to achieve their goals and desires by justifying all means such as committing fraud, cheating, fake oaths, usury, bribes and other vanity acts.

Islam provides a boundary or dividing line between what is permissible and what is not permissible, which is right and wrong as well as the halal and the haram. These boundaries or lines are known as ethics. Behavior in business activities or business is also not immune to the

Medan, Desember 10-11, 2019

existence of moral values or ethical business values. It is important for business people to integrate the moral dimension into the framework / scope of the business.

Islamic business ethics has two inherent aspects namely honesty and fairness. The principle of honesty will give birth to various praiseworthy attitudes, namely: do not cover the defects of goods sold, do not commit fraud in buying and selling, do not commit gharar, and all kinds of transactions that are prohibited in Islam. (Fauzan. 2013: 11). While the principle of justice includes balance and responsibility. Balance in the world and the hereafter and responsibility to fellow human beings and responsibilities.

## **DISCUSSION**

The study of business ethics has become a separate field of study among scientists. However, in Islam the study of business need ethics has not been well constructed as a separate theory so far Islamic business ethics is still in the normative form, there is no construct of its own theory, so to examine social phenomena there needs to be synergy with modern ethical theories.

First, deontology. This term comes from the Greek word deon, which means obligation. Therefore, deontological ethics emphasizes the obligation of humans to act properly. According to deontological ethics, an action is both not judged and justified based on the results or good purpose of the action, but based on the action itself as good in itself. A business action will be judged well by deontology ethics not because it has good consequences for the perpetrators, but because it is in line with the perpetrators' obligations, for example providing good service to all consumers, to return their debt in accordance with the agreement, offering goods and services with quality comparable to the price, and so on. Thus, the value of an action is not determined by the consequences or good intentions of the action.

Second, utilitarianism. This term is derived from the Latin word, utilis, which means "useful" according to this theory. An action is good if it brings benefits, but the benefits must concern not only one or two people but society as a whole.

Third, the theory of rights. In moral thought, rights theory is the most widely used approach to evaluate the merits of an action or behavior. Actually the toeri of rights is an aspect of deontological theory, because rights are related to obligations. In fact, it can be said, rights and obligations are like two sides of the same metal.

Fourth, virtue theory. In previous theories (deontology, utilitarianism, and rights), the merits of human behavior are emphasized based on a principle or norm. If according to the norm, an action is good. Conversely, if not, then the action is bad. In addition to these theories, there are other conclusions that do not highlight actions, but focus on all human beings as moral agents.

## **DISCUSSION RESULT**

### **1. Business Law Ethics**

Ethics as a practical means moral values and norms to what extent is practiced or even not practiced, even though it should be practiced. Ethics as a reflection is moral thinking. In ethics as a reflection we think about what should or should not be done. Philosophically, ethics has a broad meaning as a study of morality. In ethics there are three functions and their embodiment, namely descriptive ethics (descriptive ethics), describing moral experience descriptively to find out the motivation, willingness and purpose of an action in human behavior. Second, normative ethics (normative ethics), trying to explain why humans act as they do, and

Medan, Desember 10-11, 2019

what are the principles of human life. Third, metaethics (metaethics), seeks to provide meaning, terms and language used in ethical discussions, as well as ways of thinking used to justify ethical statements. Metaethics question the meaning contained in the terms of decency which are used to make decency responses. (Aminuddin, 2002: 90).

Etymologically, ethics comes from the Greek *ethos* which means attitudes, ways of thinking, habits, customs, morals, feelings and character of decency. The term ethics has been used by Aristotle, the Greek philosopher, to show moral philosophy. So ethics means the principles, norms and standards of behavior that govern individuals and groups that distinguish what is right and what is wrong. Business ethics (business ethics) seeks to prohibit business behavior, company managers and workers that should not be done. Business ethics influences how companies relate to their workers, how workers relate to companies and how companies relate to agents or other economic agents.

Ethics directs people towards actualizing their best capacities. The application of ethics and honesty in business will increase the value of the business entity itself. With an increasingly high level of competition coupled with increasingly critical consumers, then if a consumer's decision is maintained it will lead to a sustainable and trustworthy company in the long run. Companies that implement ethics will increase the motivation of workers, because working is not only required to produce the best, it is also obtained in a good way. The application of business ethics also protects the principle of freedom of business and increases competitive advantage, while also preventing government sanctions from violating ethics that can be classified as unlawful acts. Without business ethics, the company will go out of control, use various methods, sacrifice anything to achieve goals. Business ethics is also related to brand value. Ethical business behavior contributes to the company's image. The way to provide training to workers on ethics, the results are truly extraordinary, for example, reduced costs, reduced violations and damage to the brand or reputation and ultimately reduce penalties or penalties for violating established rules.

Ethical theory serves as a guide in business decision making when actors are confronted with situations that have a moral dimension. The capabilities or competencies built by business ethics include analytical abilities, namely the ability to understand the position and relationship of moral principles with actions (actions), positive ability (predictive), namely the ability to understand and anticipate the reactions of others based on moral considerations to understand and anticipate the reaction of others to our behavior, as well as normative (prescriptive) abilities, namely the ability to provide guidelines for decisions, business policies and understand and have moral principles in every decision making as a manager or businessman.

Business ethics is vital in the course of a professional business activity. As revealed by Dr. Syahata, (Muhammad, Saifullah, 2011: 214). that business ethics has a substantial function in equipping business people with the following matters:

- a) Develop an Islamic code of ethics that regulates, develops, and implements business methods within the framework of religious teachings. This code of conduct is also a symbol of direction in order to protect business people from risk.
- b) The Islamic code of ethics can be the legal basis for establishing the responsibilities of business people, especially for themselves, between the business community, the community, and above all are responsibilities before God.
- c) Code of ethics is perceived as a legal document that can solve problems that arise, rather than having to submit it to the judiciary.

Medan, Desember 10-11, 2019

- d) The code of ethics can contribute to solving many problems that occur between business people, between business people and the communities where they work.
- e) A code of ethics can help develop educational, training and seminar curricula aimed at business people who combine values, morals, and good behavior with contemporary business principles.
- f) This code of ethics can present a concrete and cultural form of Islamic rules so as to describe the comprehensiveness (universality) and originality of Islamic teachings that can be applied in every age and place, without having to contradict Divine values.

## 2. Principles of Islamic Business Ethics

Principles of Business Ethics in Islam In the Koran there are about 370 verses that show us, especially Muslims, the way to do business with a moral footing, along with a customer that clearly prohibits us from making certain mistakes (Hakim, 2012: 202). In addition to the study of business ethics based on the Qur'an. The lessons from business ethics itself can be drawn from the behavior or daily life of the Prophet Muhammad, because the Sunnah is also a source of law in Islam besides the Qur'an. Muhammad in historical review is known as a very successful business person, so in business ethics studies it is very necessary to look at Muhammad's business behavior during his lifetime. Muhammad's hardworking mentality was formed from childhood when he was raised by Halimah Assa'diyah to adulthood. Muhammad, who was 4 years old, was herding goats along with Halimah's children. This experience was later used as the work of herding goats belonging to the inhabitants of Makkah (Muhammad, Saifullah, 2011: 216). Here are some ethical guidelines in business / business that have been exemplified by the Prophet Muhammad Saw (Abdul. Aziz, 2013: 31):

- a. Honesty. Honesty is the most basic requirement in business activities. In this level, he said "It is not permissible for a Muslim to sell a sale that has disgrace, unless he explains his disgrace," (H.R. Al-Quzwani). "Who deceives us is not our group" (H.R. Muslim). The Prophet himself is an example of behavior that is always being honest in business. He forbade traders from putting rotten goods at the bottom and new goods at the top. Honesty applied by the Prophet is as an embodiment of the customer oriented principle in the current context, namely the business principle that always maintains customer satisfaction (Afzalur Rahman, 1996). The impact of the principles applied by the Prophet Muhammad SAW, the customers of the Prophet Muhammad never felt harmed and there were no complaints about the promises made, because the goods agreed upon in the contract were not manipulated or reduced. With customer-oriented giving consumers the choice of space for the right to pay (continue or cancel a transaction) if there is an indication of fraud or the consumer feels disadvantaged (Muslich, 2010). This Khiyar concept can be a factor in strengthening the position of consumers in the eyes of producers, so that producers do not act arbitrarily towards their customers.
- b. Help or benefit others, awareness of the social significance of business activities. In Islam, the business person does not only pursue profit, as taught in the Capitalist Economy, but is also oriented towards ta'awun (helping others) as the social implications of business activities.

Medan, Desember 10-11, 2019

- c. No cheating. The measurement sizes and scales must be correct. The Word of God: "Woe to those who cheat, those who, when they receive a measure from someone else, they ask to be fulfilled, and when they measure or weigh for others, they reduce" (QS 83: 112). A businessman or producer is required to have a transparent nature. Transparency of this document is when a producer is able to apply openly to quality, quantity, composition and others.
- d. You can't vilify other people's businesses, so people buy them. The Prophet Muhammad SAW said, "Let not one of you sell with the intention of vilifying what is sold by someone else," (H.R. Muttafaq 'alayhi). Islam respects competition in business, but competition must not justify any means, because it is contrary to the principles of muamalah in Islam. Islam calls on adherents to always compete in goodness, not to knock each other down. Rasulullah SAW has given examples of how to compete well and prohibit unfair competition. As mentioned in QS. Al Baqarah verse 188: And let not one of you eat the wealth of the other part of you by vanity and (do not) bring the matter to the judge, so that you may eat some of the property of others with (the way of doing) ) sin, even though you know.
- e. Do not hoard goods. In Islam this term is called Ihtikar. Ihtikar is stockpiling goods (piling up and storing goods within a certain period, with the aim that the price will eventually rise and a large profit is obtained). This act is strictly prohibited by the Prophet.
- f. Do not do a monopoly. Monopoly is strictly prohibited in Islam. Islam does not condone the exploitation (control) of certain individuals of social property rights, such as water, air and land and their contents such as minerals and minerals.
- g. Selling only halal business commodities are not illegal goods, such as pigs, dogs, liquor, ecstasy, and so on. The Prophet Muhammad said, "Verily Allah forbids the business of alcohol, carcasses, pigs and statues," (H.R. Jabir). In the present context, Muslims are also often trapped not to drink and pork. These two types of products do not explicitly become Muslim consumption or merchandise, but the derivative products of these two products are widely circulated and even traded by the Muslim community.
- h. Business must be free from usury. The Word of God, "O you who believe, leave the remnants of usury if you believe," (Surat al-Baqarah: 278). Actors and eaters of usury are considered by Allah as people who are loyal (QS. 2: 275). Therefore, Allah and His Messenger declared war on usury.
- i. Business is done voluntarily, without coercion. The Word of God, "O you who believe, do not eat your neighbor's property in a vanity manner, except in the way of business that prevails and likes you," (Qur'an 4: 29).
- j. Paying wages before employees sweat dry. The Prophet Muhammad said, "Give wages to the employees, before the sweat dries." This hadith indicates that payment of wages must be hastened and should not be delayed. In addition, one of the obligations of employers is to provide fair wages for employees, not exploit and protect the rights of employees.

Medan, Desember 10-11, 2019

## CONCLUSION

Business ethics according to Islamic law, in practice applies moral values in every economic activity and every relationship between one group of people with another group of people. Moral values are included in four characteristics, namely shiddiq, amanah, tabligh, and fathonah. These four characteristics are expected to be able to maintain the management of economic and financial institutions in a professional manner and to maintain economic, business and social interactions in accordance with applicable game rules.

Here are some ethical guidelines in business / business that have been exemplified by the Prophet Muammad Saw (Abdul. Aziz, 2013: 31):

1. Honesty.
2. Help or benefit others, awareness about the social significance of business activities.
3. No cheating.
4. Must not vilify other people's businesses, so people buy to him.
5. Do not hoard goods.
6. Not monopolizing.
7. Selling only halal business commodities are not illegal goods, such as pigs, dogs, liquor, ecstasy, and so on.
8. Business must be free from usury.
9. Business is done voluntarily, without coercion.
10. Paying wages before employees sweat dry.

## REFERENCES

- Abdul. Aziz, 2013. *Etika Bisnis Perspektif Islam*. Alfabeta. Bandung.
- Aminuddin Dkk. 2002. *Pendidikan Agama Islam Untuk Perguruan Tinggi Umum*, Ghalia Indonesia. Bogor.
- Faisal, Badroen, et al. 2006. *Etika Bisnis dalam Islam*. Kencana. Jakarta.
- Muslich, 2004, *Etika Bisnis Islam (Landasan Filosofis, Normatif, Substantif Implementatif)*. CV. Adipura. Yogyakarta.
- Rofiah, K, 2014, *Urgensi Etika di Dalam Sistem Bisnis Islam*. Rineka Cipta, Jakarta.
- S.S., Harahap, 2011. *Etika Bisnis dalam Perspektif Islam*. Salemba Empat. Jakarta.
- Chairiawaty, 2012. *Branding Identity: Sebuah Tinjauan Mengenai Etika Bisnis Islam*. Jurnal Ilmu Komunikasi.
- Fauzan. 2013. *Pengaruh Religiusitas Terhadap Etika Berbisnis (Studi pada RM. Padang di Kota Malang)*, Jurnal Ekonomi Bisnis.
- Hakim, R., & Syaputra, E. 2013. Business As Al-Amanah And The Responsibilities of Islamic Business Managers. *La\_Riba*, 6 (2).
- Muhammad, Saifullah,. 2011. Etika Bisnis Islami Dalam Praktek Bisnis Rasulullah. *Jurnal Walisongo*, Volume 19, Nomor 1, Mei 2011.
- Muslich. 2010. *Etika Bisnis Islami*; Yogyakarta: Ekonisia FakultasEkonomi UII.