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## ANALYSIS OF SHARIA BUSINESS ETHICS IN A CASE STUDY OF BU ANDI'S SPICY CASSAVA CRIPS MSMEs



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### Abstract

Islamic business ethics have a positive impact on MSME actors, the principles of Islamic business ethics are monotheism, justice, free will, responsibility, and honesty. Thus, it is necessary to implement production and distribution processes following Islamic business ethics. The purpose of this study is to determine whether MSME actors have implemented business ethics in accordance with Islamic business ethics. In this study, the method used is a descriptive qualitative research method because the researcher wants to describe and write down the conditions seen from the production and distribution processes carried out by MSME actors. The study conducted based on the analysis of Islamic business ethics applied by MSME actors showed that it was not in accordance with the principles of Islamic business ethics that should be.

**Keywords:** Islam, Sharia, Business, MSMEs

## INTRODUCTION

Trading has become a very simple choice for people to earn a living. Starting from a relatively small capital accompanied by sufficient skills, they can trade so that from the results of trading their needs can be met (Azizaturrohmah & Mawardi, 2015). Based on statistical data conducted by BPS (Central Statistics Agency) in the 2010 population census, it was recorded that 87.2% (207.2 people) of the 236.4 million people were Muslim. Therefore, the Muslim community certainly has a very important role in the development of the country's economy.

The ratio of the number of small and medium entrepreneurs in Indonesia is still small when compared to several other countries in the Southeast Asia region. Especially for the younger generation, Based on data from the Central Statistics Agency (BPS), the ratio of the number of small and medium entrepreneurs in Indonesia is still 3.47 percent or only around 9 million people from the total population. Although it has increased from 2016 which was 3.1 percent, the number of small and medium entrepreneurs is still far behind neighboring countries such as Singapore. Although the number of entrepreneurs has increased, it is still less than in other neighboring countries in Southeast Asia such as Singapore, Malaysia, and Thailand. In addition, the government needs to fix the problems experienced by MSME actors to support the backwardness of the micro business world in Indonesia.

Islam regulates all human activities including conducting *muamalah* by setting boundaries of what is permissible (halal) and what is not permissible (haram). Islamic business ethics are norms derived from the Qur'an and hadith which are used as guidelines for acting, behaving, acting, and distinguishing between what is good and what is bad in conducting business activities (Muhammad, 2004).

Doing business in Islamic law should not involve usury transactions, reduction of weight or measure, *gharar*, fraud, hoarding, scandal, corruption, collusion, and *ijon*. Therefore, for business actors to feel safe and comfortable in running their businesses, we need to invite them back to see the existing Sharia boundaries in business practices (Abudullah, 2011).

Meanwhile, the definition of Islamic business according to Yusanto which is stated in his book is a series of business activities in various forms that are not limited by ownership of property (profit) but what is limited is how to obtain it and how to use it. The property is because it is bound by the rules of halal and haram.

Other figures also argue that Islamic Sharia business is everything related to buying and selling based on Sharia law or the Islamic system. Sharia business itself consists of two words business and sharia (Amriyah et al, 2024). Business is everything related to buying and selling or trading. While sharia is a guideline or a straight source. In terms of sharia, it is a law revealed by Allah SWT through the Prophet Muhammad SAW for all mankind that regulates human life regarding Worship, Morals, food, drinks, clothing, and *muamalah*. Sharia business activities are not only activities related to buying and selling which are only intended to seek profit, but this business is more directed at buying and selling activities that are in accordance with or adhered to by the Qur'an and Hadith. So, in this business, it is limited to how to gain profit and develop it with halal and haram. If it is halal, do it, if it is haram, leave it. So that it is not fixated on the priority of getting the greatest profit but also on getting the pleasure of Allah SWT.

Business ethics in Islam also discusses the process of production and distribution of traded goods so that the income and profits obtained are halal to be used to meet all needs (Sanjaya & Nurhayati, 2024). The purpose of providing ethics in doing business in Islam is so that the profits obtained are not only beneficial in the world but also in the hereafter, for a trader is fully responsible for the goods that will be traded Arifin (2009: 153). The practice of implementing business following Islamic business ethics is highly desired by all groups because the implementation of business in accordance with Islamic business ethics not only brings benefits to sellers but also buyers so that in doing business (trading) no one feels disadvantaged. The purpose of this research on the Application of Islamic Business Ethics for MSMEs is to find out how the concept of Islamic business ethics is and how it is implemented for MSME actors so that later it is hoped that the results of this research summary can be used as a reference for other business actors.

## **RESEARCH METHOD**

This study uses qualitative research methods, descriptive and using special research types. To support a study, additional data such as documents and so on are needed. Two types of data can be used to identify case studies in qualitative research, namely primary data sources and secondary data sources. With the existence of micro, small, and medium enterprises (MSMEs), it is very easy to obtain secondary data. Data collection techniques are the most strategic step in research because the main purpose of research is to obtain data. Without knowing data collection techniques that meet data standards, researchers will not obtain data that meets the established data standards. This study uses qualitative techniques, namely interviews and observations. In this study, triangulation of data validation techniques was used, which utilized something else.

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## **RESULTS AND DISCUSSION**

The profile of this strategically located MSME business has 5 employees. The shop owner is named Mrs. Andi who opened a shop selling various chips but has a superior product, namely spicy cassava chips. In a very strategic location close to the highway and close to the market. Mrs. Andi's goal in establishing this souvenir shop is her hope that one day she can help others and even hope to reduce unemployment in the area.

Implementation of Islamic business ethics in spicy cassava chips MSME in its operations. This business also serves offline and online orders. For operational hours, Mrs. Andi opens her shop from 09.00 AM to 5.00 PM if the meatball stock runs out faster, the shop closes earlier with Friday being a holiday because Friday is very short and on that day it can be said that buyers are quiet. This is evidenced by the results of our observations, Mrs. Andi gives employees 9 hours of work in 1 day, and a holiday on Friday because humans need rest.

The results found by researchers when researching Bu Andi's Spicy Cassava Chips MSME business in Islamic business ethics applied by Bu Andi in production and distribution in accordance with Islamic business ethics based on the principles of Islamic business ethics include:

1. Fairness. In practice, Mrs. Andi and her employees do not mix super-quality cassava and regular quality. They only produce super quality chips even though it is not written in the composition description so the UMKM is directly fair to customers and without manipulating the basic ingredients used. Therefore, customers who already know the quality of Spicy Cassava Chips ingredients are increasing. Because the quality, quality, and taste are guaranteed.
2. Tauhid. In practice, MSMEs do not hoard goods or harm others. MSMEs owned by Mrs. Andi buy raw materials from local people who are generally less fortunate, and researchers did not find any price games in buying raw materials. And in the production process, no dirty practices were found by MSME actors. This proves that this MSME business is in accordance with Sharia business ethics in Islamic business.
3. Efforts. In practice, UMKM actors run businesses in accordance with Islamic teachings, namely by producing halal food, this is proven by the existence of halal certification given by the MUI and is stated on the product packaging so that Islamic business ethics in the principle of efforts carried out by Bu Andi's Spicy Cassava Chips are in accordance.
4. Responsibility. In practice, this MSME carries out the responsibility for waste disposal carried out by the processing business first so that the environment around the MSME is not polluted, and fulfilling promises to consumers regarding ordering goods, is fulfilled

properly by Bu Andi's Spicy Cassava Chips. In the principle of responsibility, the MSME in the implementation process is considered good, because no sense of irresponsibility is found. Waste from cassava and banana peels is chopped by employees and taken by some residents in the local area as their animal feed for free, this becomes a mutualistic symbiosis.

5. Honesty and Truth. In practice, there is no dishonesty found in the production or distribution process carried out by Bu Andi's Spicy Cassava Chips MSME, in the production process the MSME is honest regarding the raw materials used, namely cassava and bananas that are selected good quality, if there are defects, the smelly materials are removed, chopped with cassava skin or banana skin which will later be taken by residents as food for their livestock, while in the distribution process, the Bu Andi's Cassava Chips MSME uses pictures of bananas and cassava and quality spices if there are things that can cause losses such as soft chips, Bu Andi and her employees are quick to inform customers. Where this is a very good moral and does not harm consumers. So, on the principle of honesty and truth, Bu Andi's cassava chips follow Islamic business ethics.

## Discussion

Islamic Ethics (إخلاق) (or "Islamic Manners and *Akhlaq*") are the ethics and morals recommended in Islamic teachings contained in the Al-Quran and Sunnah, by following the example of the Prophet Muhammad, who in the Islamic faith Meanwhile, ethics (*akhlaq*) is a trait that is embedded in the (human) soul, which can give birth to an action that is easy to do without having to think about it (longer) (Baidowi, 2016). The provisions of reason and religious norms are called good morals. However, when they give rise to evil actions, they are called good and bad morals (Arifin, & Sunarti, 017).

In doing business, there is a key to success in the business ethics applied in the business. Normatively, it can be explained that there are economic aspects and 5 principles of Islamic business ethics applied (Syahrizal, 2018):

1. Unity (*Tawhid*)

The first basic principle of Islamic business ethics is unity. The principle of unity is interpreted as combining religious, economic, political and social aspects into a homogeneous unity and prioritizing the concept of consistency and comprehensive unity.

2. Equilibrium (Justice)

The second principle of Islamic business ethics refers to justice or balance, so that in carrying out business activities, business actors are expected to be fair, not to cheat, and not to be cruel. Fraud in the business world greatly tarnishes Islamic business ethics because in Islam justice is the key to the success of a business (Lubaba and Prasetyoningroem, 2019).

3. Free Will (Effort)

Freedom in Islamic business ethics is the most important key that must be done without harming collective interests. In addition, free will can be interpreted as the freedom of business actors in determining a decision that is chosen without ignoring the legal provisions set by Allah SWT (Muhammad, 2004).

4. Responsibility

The next principle is responsibility, in this principle the form of accountability of unity, justice, and free will carried out by business actors. Carrying out business activities with various forms of freedom does not mean that it is finished with the achievement of a goal expected by business actors by obtaining profit but there needs to be responsibility for all activities carried out both in transaction activities, selling goods, producing goods, and making agreements, and others (Arifin, 2009).

5. Truth (Policy and Honesty) Truth in this context does not only contain elements of truth but also contains elements of policy and honesty. The truth here means always doing good things and saying the right thing in accordance with the teachings set by Allah SWT. (Lubaba and Prasetyoningroem, 2019).

Meanwhile, the definition of MSME is:

1. Micro-enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for micro-enterprises as regulated in this law.
2. Small business is a stand-alone productive economic business, carried out by individuals or business entities that are not subsidiaries owned, controlled, or are part of either directly or indirectly a large business that meets the criteria of a small business as referred to in this law.
3. Medium-sized businesses are independent productive economic businesses, carried out by individuals or business entities that are not subsidiaries or branches owned, controlled, or become part of either directly or indirectly with small businesses or large businesses with the amount of wealth. Net or annual sales results as regulated in this law.
4. Large businesses are productive economic ventures carried out by business entities with large net assets or large annual sales results from medium-sized businesses, which include state-owned or private national businesses, joint ventures, and foreign businesses carrying out economic activities in Indonesia.

The definition of MSMEs is based on Law No. 9 of 1999 and due to increasingly dynamic developments, it was changed to Law No. 20 Article 1 of 2008 concerning Micro, Small, and Medium Enterprises.

## CONCLUSION

In the teachings of Islamic business ethics, it is a unified whole that cannot be separated from one another. This is because Islamic teachings are (*syumul*) which regulate all aspects of human life. The relationship between business and ethics in Islam does not change the unity between muscle and flesh.

In this day and age, especially in certain conditions, a business actor or businessman must remain based on the values taught in the Qur'an and Hadith so that the business being run gets blessings and runs smoothly, in addition, so as not harm people. Another is because, in production or business, the goal is for the welfare of society. On the other hand, everything that humans do on this earth has been regulated in the Qur'an and Hadith by Allah SWT. For

that we as Muslims doing everything must be guided by the Qur'an and Hadith. So, in any situation, business must be based on the Qur'an and Hadith, because if business actors are truly based on and apply what is in accordance with the Qur'an and Hadith then all their affairs for children will run smoothly and not harm others.

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