

# The Application of Islamic Business Ethics from the Perspective of Sheikh Yusuf al-Qaradawi (Case Study on Grocery and Vegetable Stores in Cimenyan, Bandung City)

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### ABSTRACT

This research aims to analyze the implementation of Islamic business ethics principles in business transactions at Reni's store. Islamic business ethics emphasizes principles such as justice, the prohibition of usury and exploitation, honesty, and the prohibition of deceit in business activities, which are considered essential for creating fair and blessed transactions. Data were collected through using a descriptive qualitative approach, observation and direct interviews with the shop owner and several customers. The results show that Reni strives to apply the values of Islamic business ethics, such as transparency in pricing, honesty in transactions, and openness to customers. Although there are still challenges in daily practices, such as economic pressures and price competition, the implementation of these ethics has a positive impact on customer trust and business sustainability. This research is expected to provide valuable insights to small business owners in understanding the importance of Islamic business ethics in enhancing the blessings and sustainability of their businesses

## 1. INTRODUCTION

Allah created humans with interdependent traits, where each individual has needs that cannot always be fulfilled alone. Each person may have some things, but on the other hand, also lacks others. In order to meet those needs, Allah has established rules that govern human life, including the buying and selling system. This transaction activity functions to facilitate social interactions and support economic smoothness, thereby encouraging productivity within the community (Athar, 2020); (Nurananda et al., 2023). One of the activities that facilitate transaction activities in the community sector is grocery and vegetable stores. Basic necessity stores are one type of micro-enterprise that is very well-known and important in Indonesian society. This store serves as a provider of basic necessities such as rice, cooking oil, sugar, and other daily needs. The presence of basic necessity stores, especially in community environments and areas far from large shopping centers, makes them the primary choice for consumers in meeting daily needs quickly and practically (Aviatri & Nilasari, 2021); (Ferdinand et al., 2023).

In small-scale businesses like this, the relationship between sellers and buyers is generally more relaxed, but it is precisely these kinds of things that underscore the importance of business

ethics in maintaining business sustainability. (Handayani et al., 2023). Ethics in business encompass various principles, such as honesty, integrity, responsibility, transparency, and care for consumers. Although small businesses like grocery stores are usually not formally bound by complex business ethics codes, these values are often indirectly applied through daily interactions. For example, honesty in setting prices and product quality, transparency about the availability of goods, and friendliness when serving customers are all real examples of business ethics practices. (Hassan et al., 2023). These matters are very relevant in grocery stores, where customers rely on direct interaction and trust in the business owner. This research chooses Ibu Reni's Store as a case study to examine the application of business ethics, particularly Islamic business ethics, in daily transactions. Mrs. Reni is a trader known for her honesty and friendliness. Thus, Mrs. Reni's store has earned a special place in the minds of the local community. This experience proves that the implementation of Islamic ethical principles in business transactions can provide real benefits for small businesses. Especially in building customer loyalty and maintaining a good reputation in the business environment. (Hasnidar, 2016).

This study will delve deeply into the application of Islamic business ethics principles in the daily operations of Toko Ibu Reni. Additionally, we will examine how this implementation affects customer loyalty, which supports the sustainability of the business in the long term. Additionally, this research will discuss how factors such as trust and honesty influence consumer perceptions of grocery stores as a reliable choice. (Hidayat, 2023). By using a qualitative approach that involves observation and interview methods, this research is expected to provide a more detailed interpretation of the essentials of Islamic business ethics in the context of small enterprises. This study is intended not only to provide a theoretical contribution to the understanding of Islamic business ethics on a micro scale but also to offer practical inspiration for other small business operators in managing their businesses in a moral, responsible, and blessed manner in the eyes of Allah. For that reason, the findings of this research can serve as a reference for microeconomic empowerment institutions or local governments in promoting ethical practices among micro enterprises. In the end, this can strengthen the local economy and build a more integrity-driven business environment (Diego & Putra, 2023); (Adiningrat & Aisyah, 2023).

## 2. METHODS

The purpose of this research is to examine the implementation of Islamic business ethics principles affecting the sustainability of grocery business activities and their impact on increasing customer loyalty. This research is conducted in several stages, namely: (a) This study uses a qualitative descriptive approach to understand the application of Islamic business ethics principles at Ibu Reni's Store. This method was chosen because it is suitable for exploring the views and experiences of subjects in the context of small businesses. (Lima et al., 2023). (b) The data collection methods applied are participatory observation and interviews. Participatory observation was

conducted to directly understand the daily transaction practices occurring in the store, including interactions with customers and the application of Islamic business ethics values. This approach was chosen to deeply explore the business practices implemented in the grocery store. (Ming & Jari, 2023). (c) Information was gathered through three main approaches, such as semi-structured interviews, direct observation, and documentation. Semi-structured interviews were conducted with the store owner, Mrs. Reni, as well as several loyal customers to understand their perspectives and experiences related to the application of Islamic business ethics (Syahputri & Bonaraja, 2024). Direct observation was carried out over one week, focusing on the interactions between the store owner and customers during transactions, as well as business practices that reflect Islamic ethical values (Pre-et al., 2023); (State & Lanka, 2024).(d) This analytical method is expected to provide a comprehensive interpretation of Islamic business ethics in business transactions at small enterprises like Reni's Store.

### **3. RESULT AND DISCUSSION**

This journal discusses the impact of Islamic business ethics principles on business sustainability and how it affects the increase in customer loyalty. By understanding the importance of applying Islamic business ethics in various sectors, it is hoped that this study can provide valuable insights and serve as a guide for similar sectors to implement its business ethics principles. (Fatima & Elbanna, 2023).

#### **3.1 Business Ethics Theory**

Business ethics encompass everything related to how business activities are conducted, covering various aspects related to individuals, companies, or society. (Laasch et al., 2023). This definition encompasses a deep understanding of how businesses interact with societal stakeholders and their surrounding environment. Business ethics involve moral aspects, compliance with the law, and corporate social responsibility (Marina et al., 2017); (Ade et al., 2023). Business ethics theory refers to the moral principles and guidelines used in business decision-making. (Carmine et al., 2023). Some of the main theories widely used include utilitarianism, which evaluates decisions based on the greatest benefit for the most people, and deontology, which emphasizes the duty to act according to the correct moral principles without considering the outcome.

Furthermore, the stakeholder theory teaches that companies are not only responsible to shareholders but also to all stakeholders such as employees, customers, and society, thus emphasizing the balance between profit and social responsibility (Fatima & Elbanna, 2023); (Schultz & Seele, 2023). On the other hand, virtue ethics emphasizes the character and virtues of individuals in decision-making, such as honesty and integrity. Corporate Social Responsibility (CSR) also plays an important role in business ethics, where companies are expected to actively participate in social

welfare and environmental sustainability. By understanding and applying these various theories, companies can build more ethical, responsible, and sustainable business practices that not only focus on financial profits but also on long-term social and environmental impacts (Koburtay et al., 2023); (Chukwu et al., 2023).

In a book titled "The Lawful and the Prohibited in Islam" by Yusuf al-Qardhawi, there are several principles of Islamic law that govern aspects of daily life, including business ethics. Islam strictly prohibits usury because it is closely related to the moral, social, and economic welfare of humanity. Riba is an addition obtained without any legitimate buying and selling transactions or productive efforts. According to Yusuf al-Qardhawi, Riba in Islam is prohibited in all its forms because it exploits the needs of the poor and reinforces social and economic injustice. He also emphasized that usury undermines the principle of economic justice and creates social inequality. (Schultz & Seele, 2023).

Islam places individual freedom as an important value as long as it remains within the framework of justice. This freedom must be used responsibly so as not to cause mistakes or blame in the eyes of Allah. However, in certain conditions, such as the hoarding of goods or price manipulation by a group of traders that disrupts the free market mechanism (Piwowar et al., 2024). Islam provides room for intervention in the interest of the public. In such cases, price control can be implemented to protect society from greed and exploitative practices. In a Hadith narrated by Sunan Abu Dawud (no. 3451), the Prophet Muhammad said, "Allah is the One who sets prices, who withholds, who gives abundantly, and who provides." I hope that when I meet Him, none of you will demand anything from me regarding any injustice related to blood or wealth.

The hadith referred to does not absolutely prohibit price control. Scholars emphasize that price control should be considered based on its context. If price control forces traders to sell goods below a fair price or eliminates their opportunity to earn a lawful profit, then such action is not justified. However, if price control aims to maintain fairness, for example by adjusting the price of goods to be equivalent to similar goods and preventing exploitation, then it is allowed and even considered necessary. This hadith is relevant in situations where traders sell goods fairly, without any deceitful actions, but prices increase due to the scarcity of goods or increased demand. In this case, the price increase is considered a result of the law of supply and demand, which is a decree of Allah, so imposing a fixed price would be an unjust act. Thus, the principle of humanity in Islam is clearly evident (Warren & Warren, 2023); (Martin & Waldman, 2023). Price control policies are only permitted if they aim to protect the welfare of the community and ensure social justice. This reflects respect for individual rights as well as a commitment to maintaining balance and harmony in communal life. According to Yusuf al-Qardhawi, justice in business transactions is the foundation of the Islamic economic system, where the rights of all parties are guaranteed without deception or

exploitation. The principle of justice aims to create a balance between the interests of the seller and the buyer.

According to Yusuf al-Qardhawi, an honest and trustworthy merchant will be with the prophets, the truthful, and the martyrs on the Day of Judgment, and it is not permissible for a Muslim to sell defective goods without explaining them. According to a hadith, the Prophet Muhammad said, "The seller and the buyer have the right to choose (khiyar) until they part ways. If both are honest and explain (the defects of the item), then their transaction will be blessed." (HR.Bukhari dan Muslim). The concept of honesty also includes honest scales. One way to deceive customers is by providing incorrect measurements or weights. The Qur'an emphasizes the importance of this aspect of transactions and makes it one of the ten obligations mentioned in the final part of Surah Al-An'am: "And give full measure and weight in justice." We do not burden a soul except according to its capacity. (Al-An'am: 152). Allah also says: "Woe to those who give less (than due), who, when they take a measure from others, demand it full, but when they give by measure or by weight to them, they cause loss." Do they not know that they will be resurrected on a great day? That is the day when mankind will stand before the Lord of all worlds?"(Al-Mutaffifin: 1-6).

A Muslim must strive to be fair in measuring and weighing as quickly as possible, although absolute precision in this matter cannot be achieved." This is why, after the command to give full measure, the Qur'an adds, "We do not burden a soul except according to its capacity." There is a story told in the Qur'an about a people who were dishonest in their business transactions, deviated from justice in weighing and measuring, and were stingy towards one another. Allah sent a Messenger to return them to justice and honesty, and to the belief in His Oneness. They were the people of Prophet Shu'ayb, who as a warner and preacher, called them saying: "Give full measure and do not be among those who give less. And weigh with a true balance, and do not deprive people of their due, and do not commit abuse on earth, spreading corruption."(Asy-Syu'ara: 181-183). Something that is true regarding weighing and measuring is also true in all other matters and human relationships. A Muslim is not allowed to have two standards, one for themselves and one for others, one for close family and one for the general public.

### **3.2. The Principle of Prohibition of Gharar and Deception**

Gharar is an element of uncertainty or speculation in a transaction that can harm one of the parties. According to Yusuf al-Qardhawi, Gharar is prohibited in transactions because it causes ambiguity in the contract's outcome and injustice to one of the parties. Prophet Muhammad also prohibited the practice known as najash. Ibn Umar explained that najash means someone offers a price for an item that is higher than its value, without any intention of actually buying it, but rather to encourage others to make higher offers. Often, this practice has been prearranged with the intention of deceiving others. The implementation of Islamic business ethics at Ibu Reni's Store can illustrate

the principles of ethics in Islam applied in the context of micro-enterprises or small businesses. Here is an explanation that can describe the application of Islamic business ethics at Ibu Reni's Store: In running the business, Ibu Reni's Store avoids transactions involving *riba*. If customers want to purchase on credit, Ibu Reni ensures that the transaction does not involve interest or additional fees that are considered *riba*. This is in accordance with Islamic principles that prohibit *riba* in any form of transaction.

Mrs. Reni's store ensures that the prices offered are fair and in line with the quality of the products sold. Mrs. Reni avoids excessive or unreasonable pricing practices (such as *Ikhtikar*). Bu Reni's store always adjusts the available prices according to market price fluctuations. If prices are rising, Mrs. Reni will inform customers about it. By maintaining fair prices, this shop contributes to the creation of healthy competition in the market. Reni's store prioritizes the principle of honesty in every transaction with its customers. Each product sold is clearly explained to customers regarding its price and quality. For example, if there are vegetables that do not sell on that day and will be sold the next day, Mrs. Reni will communicate this to the customers to build their trust. This is in accordance with Islamic principles that prohibit deception or falsification of information (*Tadlis/Taghrir*). In addition, in her transactions, Mrs. Reni ensures honesty in weighing the goods, with no additions or subtractions. Reni's store ensures that every transaction carried out does not contain excessive uncertainty. (*Gharar*). For example, if there is a sale of goods whose availability cannot be guaranteed in the near future, Toko Bu Reni will avoid taking pre-orders or promising goods that are unclear when they will be available, thus reducing the potential for uncertainty that could be detrimental to both parties.

#### 4. CONCLUSION

The application of Islamic business ethics at Reni store shows that the integration of Islamic ethical principles into business operations can have a positive impact on both the company and society. Reni store applies the principles of justice, prohibition of usury and exploitation, honesty, and prohibition of fraud in business activities, thereby creating a healthy and sustainable business environment. By applying these principles, Reni store has successfully maintained credibility and customer trust. In addition, the application of these ethical principles also helps strengthen the long-term relationship between the store and its customers, which in turn supports the sustainability of the business. Overall, Reni store has successfully run a business in accordance with Islamic teachings, providing social benefits, and prioritizing ethical principles that can serve as an example for other small businesses in creating a more ethical and sustainable business environment.



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