

## APPLICATION OF ISLAMIC BUSINESS ETHICS IN PRODUCTION FOR MSMEs AT UINFAS BENGKULU CANTEEN

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**Abstract:** *This research analyzes the application of Islamic business ethics in production at Micro, Small and Medium Enterprises (MSMEs) in the canteen of Fatmawati Sukarno State Islamic University (UINFAS) Bengkulu. The aim of this research is to explore how the principles of Islamic business ethics are applied in production practices as well as the challenges faced by MSMEs in the campus environment. The method used is qualitative research with a descriptive approach, involving interviews and direct observation. The research results show that the UINFAS canteen has implemented the five principles of Islamic business ethics: the Principles of Tauhid, Honesty, Justice, Free Will, and Responsibility. Although the application of this ethic has a positive impact on the reputation and competitiveness of MSMEs, there are challenges such as employee awareness and limited resources. It is hoped that this research will provide insight for business actors about the importance of ethics in business and its contribution to the welfare of society.*

**Keywords:** *Islamic Business Ethics, Production, MSMEs*

### INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have a vital role in supporting the Indonesian economy, especially in terms of labor absorption and contribution to Gross Domestic Product (GDP). Data shows that MSMEs account for more than 60% of Indonesia's GDP and absorb around 97% of the workforce across the country. In the midst of its large contribution, the MSME sector often faces various challenges, including access to capital, technology, and markets. However, one aspect that is often overlooked is the importance of applying business ethics in MSME operations, especially in terms of production.<sup>1</sup> In the modern business world, ethics has become an important element in determining the success of a

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<sup>1</sup> A Lubaba and A Kristin, "Islamic Business Ethics: Implementation in MSMEs of Krupuk Tayamum Entrepreneurs in Sarirejo Village, Kec," Kaliwungu Kendal Regency 22 (2019): 27–36.

business, both in the short and long term. The implementation of good business ethics can improve the company's reputation, build consumer trust, and create a conducive work environment.<sup>2</sup> However, in practice, MSME actors often focus on the aspect of financial gain without considering their ethical responsibility. In fact, in the long run, unethical business behavior can reduce business reputation, reduce consumer loyalty, and even hinder business growth.

Previous studies that are relevant to this study have three views on production ethics. First, in Khodijah Ishak's research entitled "The Concept of Production Ethics in the Islamic Economic System According to Afzalur Rahman and Yusuf Qordhowi" mentioned that there are six similarities in production ethics, including freedom of business, the relationship between goods and humans, and justice. They differ in five aspects, such as the view of work as worship and the concept of *istiqomah*.<sup>3</sup> Second, as carried out in Mega Silvia's research entitled "The Concept of Production Ethics According to the Thought of Muhammad Nejatullah Siddiqi" states that emphasizing the importance of ethics in production in the Islamic economic system, based on the principles of *halal* and justice. He argued that production should focus on meeting people's needs and improving welfare, not just profits. Siddiqi encourages producers to be socially responsible and maintain integrity in economic activities.<sup>4</sup> Third, in Agus Alimuddin's research entitled "Production Ethics in the View of Maqashid Shari'ah" stated that production ethics emphasizes the integration of Islamic values to achieve human welfare. identified three categories of needs: *Dharuriyat*, *Hajiyyat*, and *Tahsiniyat*. Ethical production not only meets material needs, but also maintains justice, morality, and resource sustainability.<sup>5</sup>

In Islam, business ethics is not just a binding moral or legal rule, but is part of religious teachings sourced from the Qur'an and Sunnah. The principles of ethics in Islam teach business people to be fair, honest, trustworthy, and avoid all forms of fraud, fraud, or practices that are

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<sup>2</sup> Siti Amelia, Muhammad Iqbal Fasa, and Suharto, "The Effect of the Implementation of Business Ethics, Production and Distribution Concepts in MSMEs on Profitability in an Islamic Economic Perspective," *Juremi: Journal of Economic Research* 1, No. 4 (2022): 305–13, <https://doi.org/10.53625/Juremi.V1i4.729>.

<sup>3</sup> Khodijah Ishak, "The Concept of Product Ethics in the Islamic Economic System According to Afzalur Rahman and Yusuf Qordhowi," *IQTISHADUNA: Scientific Journal of Our Economy* 4, no. 1 (2015): 40–69, [ejournal.stiesyariahbengkalis.ac.id](http://ejournal.stiesyariahbengkalis.ac.id).

<sup>4</sup> Mega Silvia, Yadi Janwari, and Ayi Yunus Rusyana, "The Concept of Production Ethics According to the Thought of Muhammad Nejatullah Siddiqi," *PAPATUNG: Journal of Public Administration, Government and Politics* 5, no. 1 (2022): 1–8, <https://doi.org/10.54783/japp.v5i1.484>.

<sup>5</sup> Agus Alimuddin, "Production Ethics in the View of Maqasid Shari'ah," *NIZHAM : Journal of Islamic Studies* 8, no. January-June (2020): 113–24, [e-journal.metrouniv.ac.id](http://e-journal.metrouniv.ac.id).

detrimental to others.<sup>6</sup> This concept is known as muamalah, which covers all aspects of economic relations between individuals, including in terms of production. In this study, production is not only seen as the process of producing goods or services, but also as an effort to meet human needs in a way that is in accordance with sharia guidance.<sup>7</sup> The application of Islamic business ethics in the production process is increasingly important considering that MSMEs often operate in environments with limited resources. Therefore, Islamic ethical values such as efficiency, not exaggeration, and concern for the environment and the welfare of the surrounding community need to be used as the basis in every production activity.<sup>8</sup> This is in line with Islamic teachings that emphasize the balance between economic, social, and spiritual aspects in running a business. Thus, the success of a business is not only measured by material profits, but also from the blessings and benefits produced.<sup>9</sup>

This research aims to explore the concept of Islamic business ethics and how it is applied in production activities in the MSME sector. Given the large role of MSMEs in supporting the national economy, this research is expected to provide new insights for business actors regarding the importance of ethics in running a business. In addition, this research will also highlight the challenges faced by MSMEs in implementing Islamic ethical principles and offer practical solutions that can be applied in everyday contexts. By studying in depth the principles of Islamic business ethics, this research is expected to contribute to the development of sustainable and ethical MSME businesses. In addition, it is also hoped that the application of Islamic business ethics in the production process can increase the competitiveness of MSMEs in the domestic and global markets, as well as build better relationships with consumers and business partners. Thus, MSMEs are not only profit-oriented, but can also have a positive impact on the community and the surrounding environment.

## **THEORETICAL STUDIES**

### **1. Islamic Business Ethics**

#### **a. Definition of Business Ethics in General**

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<sup>6</sup> Sakinah Pokhrel, "Analysis of the Application of Islamic Business Ethics to Tofu MSME Products in Duren Village, Madiun City," *Journal of Economics and Business Management* 15, No. 1 (2024): 37–48.

<sup>7</sup> Aji Argo Putro and Dety Mulyanti, "The Influence of Islamic Business Ethics in Improving MSMEs: A Literature Study," *Dharma Ekonomi* 30, no. 1 (2023): 01–06, <https://doi.org/10.59725/de.v30i1.66>.

<sup>8</sup> Adinda Thaliya, Muhammad Iqbal Fasa, and Suharto, "Implementation of Business Ethics, Production Concepts, Processing Efficiency in MSMEs to the Socio-Economic System from an Islamic Economic Perspective," *Iqtishaduna Journal of Islamic Economics & Finance* XII (2021), <https://journal.uinmataram.ac.id/index.php/iqtishaduna%0aimplementasi>.

<sup>9</sup> Thaliya, Fasa, and Suharto.

"Ethos," which means customs, habits, norms, values, rules, and guidelines for good behavior," is the origin of the word ethics.<sup>10</sup> Referring to Nihayatul Maskuroh in his book according to experts, ethics is a set of rules of behavior and customs that regulate interaction between humans, as well as affirm the boundaries between right and wrong. O.P. Simorangkir states that ethics or ethics is a guide for humans to behave according to good measures and values. Meanwhile, Sidi Gajalba in his work "Systematic Philosophy" defines ethics as a theory about human behavior that is measured in terms of good and bad, based on the ability of reason. Burhanudin Salam added that ethics is a branch of philosophy that discusses the values and moral norms that direct human behavior in life.<sup>11</sup> Hamzah Ya'qub, as quoted by Nur Manna Silviyah and Novieati Dwi Lestari, explained that ethics is a science that studies human behavior as well as correct moral principles. Ethics is also defined as the attempt to seek understanding of good and bad, which is done by observing behavior that can be understood through human reason and mind.<sup>12</sup>

A business is the exchange of goods, services, or money that are profitable or beneficial to each other.<sup>13</sup> In economics, a business is an organization that sells goods or services to customers or other businesses with the aim of making a profit.<sup>14</sup> But etymologically, business refers to a condition in which an individual or group of people engages in activities aimed at generating profits.<sup>15</sup> This definition was also conveyed by Adinda Thaliya, Muhammad Iqbal Fasa, and Suharto, who stated that business is an activity carried out by humans to earn income or income. This activity aims to meet the needs and desires of life by managing economic resources effectively and efficiently.<sup>16</sup>

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<sup>10</sup> Dewa Feby Indrianti, Serli Lestari, Debi Septiani, Dendi Irawan, "Analysis of the Application of Business Ethics of Pecel Lele Kang Candi," *STIE Aprin Palembang Management Scientific Magazine* 12, no. 2 (2023): 11–18, <https://doi.org/10.58437/mim.v1i12>.

<sup>11</sup> Nihayatul Maskuroh, *Islamic Business Ethics, Islamic Religious Institution of the State of Sultan Maulana Hasnuddin Banten*, 2013, [http://scioteca.caf.com/bitstream/handle/123456789/1091/RED2017-Eng-8ene.pdf?sequence=12&isAllowed=y%0Ahttp://dx.doi.org/10.1016/j.regsciurbeco.2008.06.005%0Ahttps://www.researchgate.net/publication/305320484\\_Sistem\\_Pembetulan\\_Terpusat\\_Strategi\\_MelestarI](http://scioteca.caf.com/bitstream/handle/123456789/1091/RED2017-Eng-8ene.pdf?sequence=12&isAllowed=y%0Ahttp://dx.doi.org/10.1016/j.regsciurbeco.2008.06.005%0Ahttps://www.researchgate.net/publication/305320484_Sistem_Pembetulan_Terpusat_Strategi_MelestarI).

<sup>12</sup> Nur Manna Silviyah and Novieati Dwi Lestari, "The Influence of Islamic Business Ethics in Improving MSMEs," *Al Iqtishod* 10, no. 1 (2022): 96–112, <https://doi.org/10.37812/aliqtishod>.

<sup>13</sup> M.E.I Dr. Ika Yunia Fauzia, Lc., *Business Ethics in Islam*, ed. Tamba23@yahoo.com (Jl. Tamba Raya No. 23 Rawamangun - Jakarta 13220: Kencana Prenada Media Group, 2018), [https://books.google.co.id/books?id=hF4CEAAQBAJ&lpg=PR4&ots=Mw8VmWbv4y&dq=Etika Islamic Business Book&lr&pg=PP1#v=onepage&q&f=false](https://books.google.co.id/books?id=hF4CEAAQBAJ&lpg=PR4&ots=Mw8VmWbv4y&dq=Etika%20Islamic%20Business%20Book&lr&pg=PP1#v=onepage&q&f=false).

<sup>14</sup> Maskuroh, *Islamic Business Ethics*.

<sup>15</sup> Maskuroh.

<sup>16</sup> Thaliya, Fasa, and Suharto, "Implementation of Business Ethics, Production Concepts, Processing Efficiency in MSMEs to the Socio-Economic System from an Islamic Economic Perspective."

Thus, ethical issues that need to be considered by business owners in running their business are known as business ethics. Business ethics refers to the implementation of business activities in accordance with the rules set by the organization and society. Every activity must be carried out in a reasonable context and in harmony with applicable norms and ethics.

#### **b. Definition of Business Ethics According to Islam**

Islamic business ethics is part of the Islamic economy which is based on the Qur'an and Hadith. The goal is to meet human needs both in this world and in the hereafter (al-falah).<sup>17</sup> For Muslims, good business is in line with religious teachings, which are always judged based on the values contained in the Qur'an and As-Sunnah.<sup>18</sup> According to Yusuf al-Qardhawi, it is quoted from the book *Nandang ihwanudin : Islamic economic (business) principles*: 1) rabbaniyah, 2) insaniyah; 3) moral/ethic, and 4) intermediate. Meanwhile, Juhaya S. Praja: *principles of Islamic Law in Islamic Business*: a) al-Tauhid; b) al-'Is; c) Al-Musawat; d) Al-Hurriyah; e) al-Ta'âwun; f) Amar Ma'ruf Nahi Munkar, g) The Principle of al-Tasâmuh.<sup>19</sup> In this context, Islamic business ethics means carrying out business activities in accordance with sharia principles that are in line with Islamic moral teachings. Therefore, Islamic business ethics based on basic sharia values are different from business ethics applied in economic systems created by humans, such as capitalist, communist, or socialist economic systems, and others.

## **2. Production**

#### **a. Definition of Production**

Production is the process of making goods or services with the aim of increasing their use value or usefulness. The usefulness of an item will increase when it has more benefits than the benefits that have been given before.<sup>20</sup> The principle of production in

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<sup>17</sup> Dyan of Trunjoyo University Madura Correspondence Irawati, "Analysis of the Application of Islamic Business Ethics to Tofu MSME Products in Duren Village, Madiun City," *Transformation: Journal of Economics and Business Management* 3, no. 2 (2024): 186–95, <https://doi.org/10.56444/transformation.v3i2.1779>.

<sup>18</sup> M Arif Romadhoni, Abdur Rohman, and Trunojoyo University of Madura, "Implementation of the Implementation of Islamic Business Ethics On," *Journal of Academic Media (JMA)* 2, no. 6 (2024), <https://doi.org/10.62281>.

<sup>19</sup> Beti rahayu nurbaeti Nandang ihwanudin, *Islamic Business Ethics (Theory and Application)*, ed. Nandang Ihwanudin (Putri Melia Asri Complex Block C3 no. 17, Bandung, West Java Province: Widina Bhakti Persada Bandung, 2022).

<sup>20</sup> Amiruddin K, "The Concept of Production in a Review of Economic Sociology," *Sustainability (Switzerland)* 11, no. 1 (2019): 1–14.

Islam, as explained by Muhammad Turmudi, refers to the production of goods or services that meet halal criteria. This covers all stages of the production process, from the selection of raw materials to the manufacture of the final product. Thus, every step in the process must comply with sharia rules, ensuring that not only the results are halal, but also the methods and methods used in the production are in accordance with Islamic teachings. This principle emphasizes the importance of integrity and responsibility in doing business, as well as paying attention to the social and environmental impacts of production activities.<sup>21</sup> In the view of Islamic economics, the use of natural resources by humans is considered a form of production. Production can be interpreted as an activity that aims to increase the value of a product or add its value. Every goods and services produced must be made in a way that is permissible and profitable according to Islamic teachings, namely it must be halal and good.<sup>22</sup>

#### **b. Production Objectives**

As is known, the purpose of business is to obtain material profits. This means that businesses such as production must be profit-oriented. The concept is also accepted by Islam. In the same way, Islam does not prohibit a person from becoming rich. However, there is a way to go to reach it. Businesses still want to make a profit, but it has to be done the right way, without disturbing others. In addition, because the success factor of business in general is the service of the community who is willing to become its consumers, the distribution of profits must consider corporate social responsibility (CSR). According to Yusuf, the two goals of production are to meet the needs of everyone and realize the independence of the people. This happens when the freedom of human beings to meet the needs of their lives is based on the guidelines of the Qur'an and the Sunnah.<sup>23</sup> Meanwhile, according to Umar Chapra, "Islamic economics is defined as a field of science that helps achieve human welfare through an allocation and distribution of natural resources that is in harmony with maqosyid, without restricting individual freedom, creating prolonged macroeconomic and ecological imbalances, or weakening social solidarity and social networks of society".

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<sup>21</sup> Muhammad Turmudi, "Production in the Perspective of Islamic Economics," *Islamadina: Journal of Islamic Thought*, 2017, 37–56.

<sup>22</sup> Siti Amelia, Muhammad Iqbal Fasa, and Suharto, "The Effect of the Implementation of Business Ethics, Production and Distribution Concepts on MSMEs on Profitability in an Islamic Economic Perspective."

<sup>23</sup> Ishak, "The Concept of Product Ethics in the Islamic Economic System According to Afzalur Rahman and Yusuf Qordhowi."

### 3. Small and Medium Enterprises (MSMEs)

#### a. Definition of MSMEs

According to the Law on Micro, Small and Medium Enterprises (MSMEs) Number 20 of 2008, micro businesses are productive businesses owned by individuals or individual business entities that meet the criteria set out in the law. Micro businesses have a maximum asset of 50 million rupiah or total annual sales of no more than 300 million rupiah. Meanwhile, according to the Department of Cooperatives and Small and Medium Enterprises (Law No. 9 of 1995), Small Enterprises (UK), including Micro Enterprises (UMI), are business entities that have a net worth of at most Rp 200 million (excluding land and buildings where they do business) and annual sales do not exceed Rp 1 billion.<sup>24</sup> The Central Statistics Agency (BPS) provides an additional definition of MSMEs described in a book by Rachmawan Budiarto. BPS states that small businesses are equivalent to small industries and household industries (IKRT). They classify industries based on the number of workers as follows: (1) household industry, which has 1-4 workers; (2) small industries, with 5-19 workers; and (3) medium industry, which employs between 20 and 99 people.<sup>25</sup>

The characteristics of MSMEs reflect the conditions and characteristics inherent in business activities and the behavior of entrepreneurs in running their businesses. These characteristics serve to distinguish business actors based on the scale of the business they have. The World Bank groups small and medium-sized businesses (MSMEs) into three categories: Micro Enterprises (with 1 to 10 employees), Small Enterprises (with 11 to 30 employees), and Medium Enterprises (with up to 300 employees). From a business perspective, MSMEs are divided into four groups: a) MSMEs in the informal sector, such as street vendors; b) Micro MSMEs, which have skills as craftsmen but lack the entrepreneurial spirit to develop their business; c) Dynamic Small Enterprises, which are able to be entrepreneurial by establishing cooperation, including accepting work under contracts and exporting; and d) Fast-Moving Small Businesses, which have good entrepreneurial skills and are ready to transform.

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<sup>24</sup> Ari Kristin Prasetyoningrum, "Islamic Business Ethics: Implementation in MSMEs of Tayamum Krupuk Entrepreneurs in Sarirejo Village, Kaliwungu District, Kendal Regency," *Journal of Economics and Business* 22, no. 01 (2019).

<sup>25</sup> Rachmawan Budiarto, *MSME Development: Between Conceptual and Practical Experience*, ed. Pram's (Jl. Grafika No. 1, Bulaksumur Yogyakarta: Gadjah Mada University Press, IKAPI Member, 2015).

## **b. Goals for MSMEs**

According to Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises, there are several important goals of this business development,<sup>26</sup> namely:

1. **Increasing and Developing Capacity:** The first goal is to improve and develop the capabilities of micro, small, and medium enterprises so that they can become resilient and independent businesses. This is important so that MSMEs can adapt to market changes and compete effectively.
2. **Realizing a Balanced Economic Structure:** Micro, small, and medium enterprises are expected to help create a balanced, developed, and equitable national economic structure. By strengthening MSMEs, economic stability will be maintained, and economic inequality can be minimized.
3. **Increasing the Role in Development:** In addition, MSMEs are also expected to contribute more to regional development. They play a role in income equity, job creation, and poverty alleviation. Thus, the development of MSMEs not only provides benefits for business actors, but also for the wider community and improves the overall quality of life.

## **RESEARCH METHODS**

This research method uses a qualitative descriptive method to explore the application of Islamic business ethics in the production process in Micro, Small, and Medium Enterprises (MSMEs) operating in the canteen of Fatmawati Sukarno State Islamic University (UINFAS) Bengkulu. The qualitative descriptive method aims to investigate a specific phenomenon or event through questions asked to the interviewee, thus allowing the researcher to get an in-depth and holistic picture.<sup>27</sup> This approach is considered the most appropriate to reveal in detail the Islamic business ethics practices applied by business actors. The research was carried out through direct observation of production activities in several MSMEs that were the object of the research. Observation aims to understand operational dynamics and the application of business ethics principles directly. The location of the research is at the UINFAS Bengkulu

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<sup>26</sup> Silviah and Lestari, "The Influence of Islamic Business Ethics in Improving MSMEs."

<sup>27</sup> Rusandi and Muhammad Rusli, "Designing Basic/Descriptive Qualitative Research and Case Studies," *Al-Ubudyah: Journal of Islamic Education and Studies* 2, no. 1 (2021): 48–60, <https://doi.org/10.55623/au.v2i1.18>.

canteen MSMEs, located at Jalan Raden Fatah, Padar Dewa, Bengkulu City. This research was carried out from September to October 2024.

The population in this study consists of all owners and employees involved in the production process at the UINFAS Bengkulu canteen. For sampling, a random sampling technique was used, so that five business owners and ten employees were selected as informants. The selection of the sample aims to obtain data that reflects various perspectives and relevant experiences in the application of Islamic business ethics principles.

Data collection was carried out through structured interviews and participatory observation. Structured interviews are designed to obtain in-depth and accurate primary data related to the views, experiences, and practices of business actors in implementing Islamic business ethics, especially in the production process. Interview questions cover various aspects, such as the challenges faced and the steps taken to maintain consistency in business ethics.<sup>28</sup> In addition to interviews, participatory observation is carried out to see firsthand the production process and interaction between business owners and employees. This approach allows researchers to understand the social and economic contexts that influence business decisions and the application of ethics in the field. The collected data was analyzed using the Miles and Huberman data analysis model, which involved three main stages: data reduction, data presentation, and conclusion drawn.<sup>29</sup> In the data reduction stage, irrelevant information is deleted, while relevant data is systematically organized. The presentation of data is carried out in the form of a descriptive narrative that provides an in-depth overview of the research results. The final stage is the drawing of conclusions, where the research findings are summarized and associated with Islamic business ethics theories and practices found in UINFAS Bengkulu canteen MSMEs.

This approach is expected to be able to provide a comprehensive understanding of the application of business ethics in the context of MSME production, as well as present recommendations for business development in accordance with Islamic values.

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<sup>28</sup> P Dr. Sugiyono, "Qualitative Quantitative Research Methods and R&D (M. Dr. Ir. Sutopo. S. Pd," *Alfabeta, Cv*, 2019.

<sup>29</sup> Samiaji Sarosa, *Qualitative Research Data Analysis*, ed. Flora Maharani (Jl. Cempaka 9, Deresan, Special Region of Yogyakarta: PT Kanisius, 2021), [https://books.google.co.id/books?id=YY9LEAAAQBAJ&lpg=PR5&ots=gAye7SW7Oi&dq=teknik qualitative data analysis&lr&pg=PA3#v=onepage&q&f=false](https://books.google.co.id/books?id=YY9LEAAAQBAJ&lpg=PR5&ots=gAye7SW7Oi&dq=teknik%20qualitative%20data%20analysis&lr&pg=PA3#v=onepage&q&f=false).

## DISCUSSION

### **Application of Islamic Business Ethics in MSME Production at UINFAS Bengkulu Canteen**

This study aims to explore the application of Islamic business ethics to micro, small and medium enterprises (MSMEs) in the UINFAS Bengkulu Canteen, which is located in the Fatmawati Sukarno State Islamic University Bengkulu. As a type of micro business, this canteen provides food and beverages for students, lecturers, and campus staff, as well as playing a role in supporting the local economy through the creation of jobs for the surrounding community. In addition to meeting the daily consumption needs of the campus environment, this canteen also plays an important role in the local economy by providing jobs for the surrounding community.

The application of Islamic business ethics in production activities at UINFAS Bengkulu MSMEs was identified through in-depth interviews with business owners and direct observation of production activities. The results of the study show that several key principles of Islamic business ethics have been applied consistently, namely:

#### **1. The Principle of Tawhid (Divinity)**

The main principle in Islamic business ethics is monotheism or divinity, which emphasizes the vertical relationship between humans and their God (*hablummanallah*) and the horizontal relationship between humans and their neighbors (*hablummannas*). According to Amir Reza Kusuma, this principle is manifested through human devotion to Allah SWT by carrying out all His commandments and staying away from His prohibitions. This concept has been taught from an early age in society, as seen from the obligation of parents to educate their children to carry out the five-time prayer.<sup>30</sup> The principle of Tawhid also includes the attitude of *tawakal*, which is to surrender oneself to Allah SWT for all His decrees, after maximum efforts have been made. In business practice, this principle can be applied through policies and rules that support the implementation of worship, such as providing time for prayer, sharing through alms to those in need, and handing over the results of business to the will of Allah SWT.

The results of the analysis of the application of Islamic business ethics in the UINFAS Bengkulu Canteen MSMEs show that the principle of Tawhid has been implemented well.

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<sup>30</sup> Amir Reza Kusuma, "The Concept of Hulul According to Al-Hallaj and the Placement of Sufism Positions," *Journal of Medan Agama Research* 12, no. 1 (June 1, 2021): 45, <https://doi.org/10.58836/jpma.v12i1.10488>.

Based on interviews with business owners, it can be seen that the worship aspect is very prioritized in daily activities. Business owners ensure that there is no discrimination against workers or buyers, and every business activity is based on awareness of the existence of Allah SWT. This is reflected in the intention of running a business that is not only profit-oriented, but also beneficial to the community. In practice, business owners start production activities with prayer and are always grateful for the sustenance received.

The application of this principle reflects two forms of relationship in Islam, namely *hablumminallah* and *hablumminannas*. And business owners recognize that every business activity must be based on awareness of God's existence. This is reflected in the intention to run a business not only to seek profits, but also to provide benefits to the community. In practice, business owners pray before starting production activities and try to always be grateful for every sustenance obtained.

## **2. Principle of Honesty**

The principle of honesty is one of the main requirements in business activities, as referred to in Nurul Huda's book. In Islam, honesty (*shiddiq*) is one of the mandatory traits of the Prophet Muhammad PBUH who is an example for his people.<sup>31</sup> Honesty is not only a moral value, but also an important foundation in building healthy business relationships, especially in maintaining consumer trust. In practice, honesty must be applied in various aspects of business, such as transparency in the production process, product quality, and information conveyed to consumers. In UINFAS Bengkulu Canteen MSMEs, this principle is one of the main pillars in business operations. Based on interviews with business owners, honesty is applied by ensuring that all information provided to consumers is accurate and not misleading. For example, in explaining the ingredients used in food products, business owners are always transparent about the origin and quality of these ingredients. This step not only maintains consumer trust, but also helps create a good reputation for the business.

The application of this principle of honesty proves the importance of integrity in maintaining business continuity. With transparency and openness, Uinfas Bengkulu canteen MSMEs are able to build long-term trust with consumers, which is a valuable asset in the business world. This principle also shows how Islamic values can be implemented in real life in daily business practices.

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<sup>31</sup> Nurul Huda et al., *Sharia Marketing: Theory & Applications* (Kencana, 2017).

### **3. Principles of Justice**

The principle of justice is one of the main foundations in Islamic business ethics. Fairness is defined as the application of fairness in all aspects of business, from production to employee payment systems.<sup>32</sup> This principle establishes rules and policies that must be applied proportionately, without discrimination, and oriented to the welfare of all parties involved. In the context of business, justice is expected to be able to create a balance, so that all processes run well and provide maximum benefits. In MSMEs, the application of this principle can be seen from how to maintain the suitability between product quality and the set price and the provision of decent wages to employees in accordance with the initial agreement.

The results of interviews with MSME owners of UINFAS Bengkulu Canteen show that the principle of justice has been applied in various aspects of business. In serving customers, business owners ensure that there is no difference in treatment, so that all consumers feel valued equally. The same applies to employees, where wages are given according to their contributions and based on initial agreements. Business owners also avoid discriminatory practices in the division of duties and responsibilities. Every employee is given the same opportunity to develop, both through training and work experience. The principle of justice is also applied in the production process by ensuring that processing is carried out in a halal manner and does not harm consumers. This not only maintains the quality of the product but also helps to improve the welfare of the community in general. By applying the principle of justice, MSMEs are able to create a harmonious work environment and contribute to sustainable business growth.

### **4. The Principle of Free Will**

The principle of free will, as mentioned in Harsuko Rinitawati's book, emphasizes the importance of freedom in every action and operation of MSMEs, both for owners and employees.<sup>33</sup> This concept provides space for individuals to act according to their wishes, as long as it remains based on human values and does not violate Islamic moral guidelines set forth in the Qur'an and As-Sunnah. This free will not only encourages creativity and innovation, but also provides autonomy for all parties involved in business, as long as it does not conflict with applicable laws and religious principles. In the context of MSMEs, the principle of free

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<sup>32</sup> M. Alvi Syahrin, "The Application of the Principle of Restorative Justice in the Integrated Criminal Justice System," *National Law Magazine* 48, no. 1 (July 18, 2018): 97–114, <https://doi.org/10.33331/mhn.v48i1.114>.

<sup>33</sup> Harsuko Riniwati, *Human Resource Management: Key Activities and Human Resource Development* (Universitas Brawijaya Press, 2016).

will can be realized through product innovation in accordance with Islamic values and applicable laws, as well as the freedom of employees to carry out their duties without excessive pressure. For example, employees are given the freedom to put forward ideas and take initiatives, as long as they do not violate the work agreement that has been set.

Based on interviews with five MSME owners at the UINFAS Bengkulu canteen, the employees felt that they did not experience unnecessary pressure or restrictions at work. This inclusive and supportive working atmosphere allows employees to express their opinions and ideas, especially related to the production process. Business owners provide space for each individual to actively contribute, which ultimately creates a collaborative and productive work environment. The existence of this principle of free will not only increases employee job satisfaction, but also supports innovation and efficiency in MSME operations.

## **5. Principle of Responsibility**

The principle of responsibility is one of the important elements in Islamic business ethics, as expressed by Rahmawati and Faraby. This principle emphasizes that every business activity does not only end in its implementation, but must be accompanied by a sense of responsibility for the impact caused.<sup>34</sup> This shows the seriousness of business actors in carrying out their business activities. In the context of MSMEs, the principle of responsibility covers various aspects, including responsibility for the production process, consumers, and the environment. Business actors are expected to be able to minimize the negative impact caused by their business activities, especially on the environment, by finding sustainable solutions.

The results of interviews with MSME owners at the UINFAS Bengkulu canteen show the application of the principle of responsibility in various business activities. In the production process, waste is separated by type before being disposed of. Waste that has economic value, such as materials that can be sold to landfills, is collected and resold, thereby reducing the potential for environmental pollution. In addition, business owners also implement a policy where each employee is responsible for the cleanliness and neatness of the work environment. Every employee is expected to be proactive in taking care of their environment, such as cleaning dirty areas, tidying up messy chairs, or fixing something out of place. By maintaining the cleanliness and comfort of the business premises, customers feel at home and do not hesitate to

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<sup>34</sup> Dyah Ayu Rahmawati and Muhammad Ersya Faraby, "Implementation of Islamic Business Ethics of Muslim Traders in Lombang Beach Tourist Destinations," *Journal of the Tourism Industry* 5, no. 2 (January 21, 2023): 209–18, <https://doi.org/10.36441/pariwisata.v5i2.1426>.

return. In addition, this sense of responsibility is not only applied individually, but also in teamwork, where each employee has an obligation to support and help each other.

The application of the principle of responsibility in UINFAS Bengkulu canteen MSMEs not only helps businesses survive, but also creates added value through concern for the environment and consumers. Thus, this principle is one of the key factors for business success, as well as reflecting how Islamic values can be realistically integrated in daily operational activities.

### **Challenges in the Implementation of Islamic Business Ethics**

Although the application of Islamic business ethics in UINFAS Bengkulu canteen MSMEs shows positive results, there are several challenges faced in its implementation:

- 1. Employee Awareness:** One of the main challenges is employee awareness of the importance of business ethics. Some employees may not fully understand the ethical principles that should be applied in their work. Therefore, continuous training and socialization are needed to increase their understanding and awareness.
- 2. Fierce Market Competition:** In the face of increasingly fierce competition, MSMEs are often pressured to lower prices or reduce production costs. This can trigger unethical practices, such as the use of low-quality raw materials or neglect of employee welfare. Business owners must remain committed to ethical principles even in difficult situations.
- 3. Limited Resources:** Many MSMEs operate with limited resources, both in terms of capital and labor. These limitations can hinder their ability to implement better and environmentally friendly production practices. Therefore, support from the government and related institutions is very important to help MSMEs in overcoming this challenge.
- 4. Regulations and Policies:** Sometimes, existing regulations do not support the implementation of good business ethics. For example, the lack of incentives for businesses that implement green practices can be a barrier for MSMEs to invest in cleaner and more efficient technologies.

### **The Impact of the Implementation of Islamic Business Ethics in UINFAS Canteen MSMEs**

The application of Islamic business ethics in UINFAS Canteen MSMEs has a significant positive impact, both for the development of the business itself and for the surrounding community. By implementing ethical principles, UINFAS Canteen has succeeded in improving

the competitiveness and reputation of its business. Consumers who value ethical values in business tend to be more loyal and prefer products and services from businesses that have a strong commitment to Islamic ethical principles. This has the potential to increase customer loyalty while attracting new consumers, responsible business practices in this canteen have a positive impact on the welfare of the local community. UINFAS canteens also provide job opportunities for the surrounding community and provide skills training, which not only helps reduce the unemployment rate but also improves the capacity and skills of the local community.

The involvement of these MSMEs in community development is an important contribution to improving local welfare, environmental awareness is also the focus of UINFAS Canteen through reducing the use of single-use plastics and selecting raw materials from local sources. Thus, this canteen plays a role in preserving the environment and the health of the surrounding community. This effort shows the commitment of MSMEs in ensuring the sustainability of natural resources for future generations, the application of Islamic business ethics helps these MSMEs build stronger relationships and mutual trust with consumers and their business partners. This trust makes it easier for canteens to establish partnerships and open opportunities for mutually beneficial collaboration, thereby supporting sustainable business growth.

## **CONCLUSION**

This study shows that the application of Islamic business ethics in the MSMEs of the Canteen of Fatmawati Sukarno State Islamic University Bengkulu has been implemented well and consistently. The five principles of Islamic business ethics of Tawhid, Honesty, Justice, Free Will, and Responsibility are integrated into daily production practices. Business owners and employees are committed to running a business that is not only profit-oriented, but also social and environmental good. This practice not only improves the reputation and competitiveness of the canteen, but also makes a positive contribution to the surrounding community, such as creating jobs and supporting skill development.

Although the results of the study show a positive impact, there are challenges that must be overcome to increase employee understanding and awareness of the importance of business ethics. Employees who do not fully understand the principles of ethics can lead to inconsistencies in their implementation. In addition, tight market competition and limited resources are obstacles for MSMEs in implementing ethical practices. Therefore, ongoing training and support from relevant parties are needed to help them overcome these challenges.

Overall, the application of Islamic business ethics in UINFAS Canteen MSMEs not only focuses on economic aspects, but also on social and environmental responsibility. This shows that businesses can be run in an ethical way, provide benefits to the community, and still make a profit.

Based on the findings of the research, it is recommended that MSMEs in the UINFAS Bengkulu canteen continue to strengthen the application of Islamic business ethics by holding socialization programs and training on ethical principles in business. Collaboration with educational institutions and professional organizations can help increase employee capacity and knowledge. In addition, there needs to be incentives from the government for MSMEs that implement environmentally friendly and ethical practices to encourage more efforts in implementing these values. With these steps, it is hoped that MSMEs can not only contribute to the economy, but also improve people's welfare in a sustainable manner. This research is expected to be a reference for other business actors in understanding the importance of ethics in business and encouraging them to apply the same ethical values.

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