

# DIALECTIC OF ISLAM AND WEST ETHICS IN THE BUSINESS WORLD

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## Abstract

The appearance of the modernity has resulted in many revolutions on human lives. Since the intervention of highly modern devices in communication, for instance, we find multitude of ways how humans express their will to get in touch with one another in extremely unimaginable manners long time ago. This has much benefited people for they are getting easier to do and get everything in this modern world. Nonetheless, not only does this results in merely positive impacts, but there we also find how modernity has overshadowed many worldly traditional norms and, in some degrees, has made them blurred in daily relation. Basically, those 'traditional' norms function as a code of conduct for human to mirror their deed so that the broke of this worldly life can be avoided. In this sense, it will be interesting when we relate The West and Islam in announcing the salience of a norm and its values in daily modern lives. This essay wants to look at briefly how Islam and the West appeal humans to internalize ethical norms in daily interaction, especially in the world of business.

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## A. Introduction

In terms of ethics, everyone will surely think of norms and social orders. The emergence of the concept of ethics started from human's behavior which breaks such orders. With regard to behavior of modern society, it is not impossible that moral decadence of people had occurred. In this regard, individual responsibilities play a pivotal role in order to change such decadence. It is based upon the fact that humans are created supported with potentials, either goodness or badness. One of decisive factors building behavior is ethics.

According to Bauman,<sup>1</sup> human is morally neither good nor bad, but is ambivalent. The moral phenomenon itself is inherently irrational. Therefore, morality has an *aporethic* character and cannot be universalized. The claim of modern philosophy that moral foundation is rational and ethical orders are normative-universal is not generally true. Morality should be separated from coercive orders and, hence, is returned to individual responsibilities. A human should have ethics not because of being with others but being for others (asymmetrical relation). For this relation, norm of ethics is necessary to control human relationship.

In social life, ethics play a significant role in determining the way how people build a better life. Ulil Abshar Abdala calls this *etika publik* (public ethics). In his view, such ethics start appearing from the emergence of modern concept. To manage social life, a community should establish norms and ethics.<sup>2</sup> In traditional pre-modern

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<sup>1</sup> His real name is Zygmunt Bauman. He is a modernist sociologist from Poland, born in Poznan, Poland in 1950s; his wife's name is Janina, who is the writer who has her own way of thinking. Before becoming the professor of sociology in the University of Leeds, Yorkshire, Bauman was a teacher. Besides, he was also well known as a productive writer. There are many works he wrote since officially he retired and became professor of emeritus in the field of sociology. Even Anthony Giddens a British sociology admit Bauman as a theorist in postmodernist. He has built a position of which everybody would consider Bauman was also popular as a smart analyst with his sharp ideas. Some of his popular works are: *Legislator and Interpreters* (1987), *Modernity and the Holocaust* (1989), *Modernity and Ambivalence* (1991), *Intimations of Postmodernity* (1992), *Postmodern Ethics* (1993), *Life in Fragments: Essays in Postmodern Morality* (1995).

<sup>2</sup> Ulil Abshar-Abdalla is a PhD student of Harvard University, Massachusetts, AS, and a researcher of Freedom Institute, Jakarta. He is one of central figures of Jaringan Islam Liberal (Islamic Liberal Network) Indonesia. To know more about Ulil Abshar Abdalla's view on the important of

society, norms or ethics are manifested in customs and tradition. Regardless, norms play big roles in maintaining the balance of life in a heterogenic society, such as Indonesia. However, it is now difficult to find a society establishing the norms. This condition, according to Abdalla, occurs in the majority of communities, especially urban societies or in some urbanized areas. Though there exist remarkable norms, their power does not significantly work. Meanwhile, societal needs for the norms never change. While the character of traditional society starts to disappears, roles of tradition and custom, as “social norm” are replaced by law. Therefore, in modern society, state is understood as law state (*recht staat*).

This situation makes ethics serious problem for creating harmonious life. In a wider scope, ethics also play significant roles in business.<sup>3</sup> Attitude of each individual in the business world represents an indicator signing the merit and the decline of a business activity. The more a person holds norms, the more he will succeed. On the contrary, when a businessman has ignored ethic values, his business will decline. From this point, the position of human behavior in a running manufacture is urgent. A bad personal character can lead the business to decline. Such a character is then considered as a problem of the business achievement, even is deemed as an anomaly which needs to be quickly addressed.

It is not wrong then if many companies are racing to gain the solution in solving this problem. Then, one value form that can be hold and taken as a foundation by business persons in managing their companies appears. Later this is known as ethics code of business, or business ethics. The West world really appreciates and has

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ethics in the society can be read at: [http://hukum.ugm.ac.id/index.php?option=com\\_content&task=view&id=167&Itemid=180](http://hukum.ugm.ac.id/index.php?option=com_content&task=view&id=167&Itemid=180). This writing is updated on 26 May 2008.

<sup>3</sup> Ethics becomes one important thing to be applied in the business world one of the reason is out because of the meeting of APEC leaders in Osaka, Japan which discussed about choosing Asia Pacific since 2000 as an area of free trade. This will obviously orient business world far away from moral values and put forward the purpose of gaining opportunity and profit. Then what will be happened is unlimited competition, allowing every ways in getting the profit, with paying attention to whether someone is going to suffer financial loss or not.

a great attention to the ethics concept of business entity.<sup>4</sup> Therefore, this becomes the attention and business culture encouraged and applied in the business world of the West.

Husain Shahata sees these symptoms are based on several matters, such as: first, the growth of moral degradation happened in the company, this because of bad behavior between the executives of the companies and the employees. Today, this is considered as a common thing, especially for huge company, whereas, this may lead to the decline of the company. Second, one field study has done proved that companies which implemented the ethics code strictly within the company got a very good reputation, and frequently obtained benefit.<sup>5</sup> This factor is then considered very essential as one of standards that ethics in a business holds a very important role for the success of a business.

Erlangga Masdiana points out that business ethics is one subjective part which has to be possessed by a business person. Although business opportunity is opened by mastering a certain production tool which cannot be surpassed by others, the business person should endure himself by asking his inner self a question “is my business activity disturbing or annoying other business person? That is a business ethics which even though is not stated in an approved ethics codification by all business circles but it can control human inclination to take the power over the others.<sup>6</sup> Thus, an ethics play his function not only when human is with his God, but more than that ethics also becomes a determiner factor to create a condition of harmonious business. This is the same as the function of ethics applied in the social life.

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<sup>4</sup> It can be seen from what has been said by Karl Marx about the existence of “Proletariat Revolution” in the business world of European society today. However, it seems that Karl Marx belief did not occur. This is because capitalists have been able to read the situation so that they can adapt ethics and norm of business. Exploitation of labor which used to occur was removed, even the labor was given freedom to establish labor organization to voice their need to the business person. It means that ethics of doing the business has been started since then.

<sup>5</sup> Faisal Badroen, et al, *Etika Bisnis dalam Islam*, (Jakarta: Kencana with UIN Jakarta Press, 2006), p. 3

<sup>6</sup> Erlangga Masdiana, *Etika Bisnis, Marjinalisasi Ekonomi dan Konflik Kelas: Suatu Pendekatan Sosiologi Ekonomi*, Jurnal USAHAWAN No.12 XXVII December 1998, p. 32.

Emile Durkheim a sociologist from France also gives an appraisal to the important of moral and ethics in daily life.<sup>7</sup> Even though basically ethics is a concept which does not have formal law sanction, but its existence is very crucial. Ethics is actually one form of human behavior controls in undergoing their lives. As a social creature human obviously needs an ethics concept in interacting with others. The more a person has a good ethics the more honorable he is in the eyes of others, and she or he will get rewards as a good person, but in the other hand if she or he does not have a good ethics in front of others then she or he will not be respected. This as what is stated at surah At-Tiin verses 4 and 5.<sup>8</sup>

Islam as a religion which has very comprehensive teaching and rules clearly manages everything based on the morality values. Islam also always teaches the importance of spiritual values without ignoring material values in the community life. This becomes the basic foundation that Islam community must use both of them as one unity to reach the happiness in the world and hereafter. The presence of Islam here is not to be denied but to be obliged, Islam does not believe in the life which orients only to the hereafter without thinking about the life in the world, or otherwise only think about the world without thinking about the hereafter.<sup>9</sup>

Also in undergoing a business, the balance of both values must always become a guide for every Muslim business person who wishes for the success. The paradigm that says in business all ways are *halal* (permitted) in order to get benefit must be omitted. While a business based on ethics of Islam which has Al-Qur'an and Sunnah as the sources must be the priority of every business steps. In his view, Merza

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<sup>7</sup> Emile Durkheim, *Pendidikan Moral: Suatu Studi Teori dan Aplikasi Sosiologi Pendidikan* (Jakarta: Erlangga, 1990).

<sup>8</sup> QS. At-Tiin 4 and 5 which mean: "Verily, We created human in the best stature (mould). Then We reduced him to the lowest of low." (Dr. Muhammad Taqi'-ud-Din al-Hilali and Dr. Muhammad Muhsin Khan, Translation of the Meanings of The Noble Qur'an in the English Language, Madinah: King Fahd Complex, p. 682). In the verses are explained that the noble and humble of someone is because of the attitude she/he has. It means that ethics within a human is a key to make them as having prestige, success and happy person. However, in contrast if he or she cannot use the ethics they own then the misery will be the guarantee.

<sup>9</sup> M.A. Sabzwari, *The Concept of Saving in Islam*. (Karachi: An NIT Publication, 1982), p.1

Gamal argues that based on Al-Qur'an, the responsibility of individual is very important in a business transaction. Every individual is responsible to all transactions done. No one has a certain privilege or immune to face the consequence he or she is doing.<sup>10</sup> It means that responsibility has a close relationship to business person ethics in doing the business. It is not wrong then if finally ethics in a business becomes prerequisite and indicator of the success of the business itself.

From this point the importance of Islamic business ethics will appear, a close combination between business and ethical and spiritual values is shown. This can be one of practical solutions to come out of corruption and unprofessional cultures. Then what will be created soon is a new system in the business world based on ethics. Besides, the form of business quality never but reflected from how the business is carried out, if it is managed by full rules then it can be called success, and in the other hand if the business is managed without ethics values, then it will be considered as a failure. Islam itself emphasizes very much on the importance of an ethics in carrying out everything, even in trade matter (business).

It is one of the Prophetic missions brought by Muhammad SAW, which is essentially is to be a great example for his community. It is for the aspect of life in the world and the life in hereafter, including the aspects of social, politic, economic (business), security, or culture. It is clearly stated here that what has been established by the Prophet since his childhood until he completed his Prophetic period, when he passed away, as well as what has been taught and inherited by Rasulullah SAW, should really be a foundation for every Moslem in doing everything, particularly in the ethics of business done by Rasulullah. Taking Rasulullah SAW as the example as

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<sup>10</sup> Further Merza Gamal points out that in al-Qur'an, a businessman ethics is a tool to prevent from the happening of irresponsible action, because everyday everybody will be asked for their responsibility in the world or hereafter. Therefore, al-Qur'an and Hadist have given certain recipe in etiquette for the goodness of business person. A business person is obliged to behave with business ethics according to what have been suggested from al-Qur'an and Sunnah which are concluded into 3 (three) , such as: generous, having motivation to dedicate, remember Allah and it is the main priority.

a businessman cannot be revealed without tracing the trade in the period of old Arab.<sup>11</sup>

The Prophet of Muhammad is a multidimensional individual. Therefore, all aspects of his life can be learned comprehensively in order to make them as base of theories. Many aspects of his life have been examined and studied, by some Moslem or non Moslems figures. However, about his business in particular has not got many portions to be shown to the human being, especially Moslem itself. Besides, the historical facts mentioned that Muhammad was a Moslem businessman who gained the success in his period. It was not only there, he had put the basics, and ways of Islamic business he applied when he did the trade.

M. Wawan Rahardjo in this case views that by this then we will get the explanation that the Prophet Muhammad SAW was actually not only a leader of a society and nation, military commander, but also a “technocrat” who implemented a comprehensive development. It can be summed up that the Prophet SAW implemented rich and welfare politic which had characteristic of justice dimension. There can be seen the close relation between religion and economy.<sup>12</sup> It is very clear here how the teaching of Islamic business to build community economy introduced and taught directly by Muhammad. And of course, all of them are based on the values included in Al-Qur’an.

Even one article perpetuates about how Rasulullah did his business which was by the honesty: “Muhammad did his business dealing honestly and fairly and never gave any chance to his customers to complain. He always kept his promise and delivered on time the goods of the quality mutually agreed between the parties. His reputation as an honest and truthful trader was well-established while he was still in his early youth. He always showed a great sense of responsibility and integrity in dealing with other people.” (Mar’ie Muhammad in *Muhammad Sebagai seorang*

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<sup>11</sup> H. Buchari Alma, *Dasar-Dasar Etika Bisnis Islami*, (Bandung: Alfabeta, 2003), p. 1.

<sup>12</sup> M. Dawam Rahardjo, “Sejarah Ekonomi Islam” (Pengantar), in Adiwarman Karim, *Sejarah Pemikiran Ekonomi Islam*, (Jakarta: The International Institute of Islamic Thought (IIIT), 2002), p. xv.

*Pedagang* [Muhammad as a businessman], 1997: xiii). This quotation explains that Muhammad did fair and professionalism in his business, there never be a costumer who grumbled and complained. He always kept his promise, agreement, sent the package on time and based on the good quality. His reputation as an honest businessman was very popular, and responsible and full of integrity in keeping his relation to others.<sup>13</sup>

The achievement and success in business gained by Rasulullah SAW in the period of before he was chosen as a Prophet and after his prophetic period needs to be examined deeper. Because at that time he had already put the basic of ethics, moral, working ethos in the business, which all of them brought him at that time to get a great success and achievement. Moreover, the business ethics implemented by Rasulullah SAW was a key of his success in carrying the circle of business. This is what then should be one example for every business person especially Moslem in carrying out their business circle.

### *B. Knowing Ethics and Business*

The terms of moral and ethics have a close relationship with the original meanings, moral derives from Latin word *moralis* and ethics is from Greek *ethos*. Both mean goodness or way of life. The terms sometimes are used as synonym, now often people tend to use the word “morality” to say about the behavior, while ethics points to the study on behavior, so that we can call them as moral act and ethical code. And the mostly used terms in ethics and moral are good and right. (Harold H, Titus, et al, *Persoalan-Persoalan Filsafat / Problems on Philosophy*)

Talking about ethic in business of course cannot be away from the words “ethics” and “business”. In this case both have different meaning, but from the dissimilarity then it can be unified in the term of business ethics. Until now, business

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<sup>13</sup> *Ibid*,p. 28.

ethics is considered as a very important thing in this life, especially in the world of economy.

### C. Ethics

Discussing about ethics cannot be separated from its original word *ethos* which is in Greek means custom or character, moral or tradition character. From other source it is mentioned: *Ethics is a philosophical term derived from the Greek word "ethos," meaning character or custom.*<sup>14</sup> Besides Yatimin Abdullah points out that the term of ethics comes from a Greek *ethos* which means custom, feeling, and the tendency of heart to do something.<sup>15</sup>

According to Hamzah Ya'qub, ethics is a knowledge which examines what is wrong and right by paying attention to human deed as far as what can be known by human mind.<sup>16</sup> Meanwhile, according to Burhanuddin Salam, ethics is a knowledge which talks about human deed and behavior, to determine which deed is good or bad.<sup>17</sup>

As a subject, ethics will relate to the concept owned by individual or a group to value, are the actions done wrong or right, bad or good. Ethics is a reflection of what we call "self control", because everything done and implemented is from and for the need of the group itself. In other words, ethics is more theoretical. Ethics only talks about the value of good and bad deed of human with the mind measurement.

In Weber dictionary, it is explained that ethics is "*the distinguishing character, sentiment, moral nature, or guiding beliefs of a person, group, or institution*". If we examine once more the word ethics etymologically has meaning as "*the discipline dealing with what is good and bad and with moral duty and*

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<sup>14</sup> R. Sims, *Ethics and Corporate Social Responsibility* ( Why Giants Fall, C.T.:Greenwood Press, 2003)

<sup>15</sup> Yatimin Abdullah, *Pengantar Studi Etika*, (Jakarta: PT. Raja Grafindo Persada, 2006), p. 4.

<sup>16</sup> Hamzah Ya'qub, *Etika Islam*, (Jakarta: Rineka Cipta, 1983), p. 12

<sup>17</sup> Burhanudin Salam, *Etika Individu Pola Dasar Filsafat Moral*, (Jakarta: Rineka Cipta, 2000), p. 30.

*obligation, a set of moral principles or values, a theory or system of moral values”* and another defines ethics as ‘*philosophical inquiry into the nature and grounds of morality*’.<sup>18</sup>

Meanwhile the word ethics terminologically can be meant as “*the systematic study of the nature of value concept, good, bad, ought, right, wrong, etc. and of general principles which justify us in applying them to anything also called moral philosophy*”.<sup>19</sup> It means that ethics is a basic of someone’s morality in doing anything. He/she will be called good when he/she does a good ethics, otherwise when he/she does something bad, wrong then he/she may be called someone who does not have moral. Since the principle is that someone’s morality is a key to do action which is good.

In his book, Louis O Kattsoff states that ethics is a branch of axiology which basically talks about value predicates such as “right” and “wrong” which mean “moral” and “immoral”.<sup>20</sup> Therefore, ethics becomes more important in this life, because of this human will know more how to act, behave to others. Ethics can be also defined as a set of moral principle that differentiates something good from something bad. Ethics is a knowledge which is normative because its role determines what must be done and what must not be done by an individual.<sup>21</sup>

Ethics as a branch of philosophy is a knowledge that teaches about the good and bad behaviors of human, and also can be called as a moral philosophy. Ethics which is called the moral philosophy is a branch of philosophy which talks about human action. Ethics does not question about the condition of human, but questions how the human act. This human action is determined by many norms, including norms of law, moral, religion and politeness. Law norm comes from law and

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<sup>18</sup> Webster’s New Collegiate Dictionary, G and C Merriam Company, USA, p. 393.

<sup>19</sup> Achmad Charris Zubair, *Kuliah Etika*, Rajawali Press, Ed. III, Januari 1995, pp. 13-15.

<sup>20</sup> Louis O Kattsoff, *Pengantar Filsafat, Sebuah Buku Pengantar untuk Mengenal Filsafat* translated from *Element of Philosophy* by Soejono Soemargono (Yogyakarta: Tiara Wacana Yogya, 1996), p. 349.

<sup>21</sup> Rafik Issa Beekun, *Etika Bisnis Islami*, (Yogyakarta: Pustaka Belajar, 2004), p.3.

regulations, religious norm is from religion, moral norm is from inner (heart) voice and politeness norm is from daily life.<sup>22</sup>

According to Mohd. Nasir Ibn Omar, the field of moral philosophy study is in the problems of good deed and soul happiness, three soul powers and their effects to the attitude, spiritual control or spiritual purification through knowledge, discipline and the relationship to the society so that the soul is free from all evil, and reaches highest completeness and happiness.<sup>23</sup>

In Islam ethics is frequently called as akhlak. Akhlak in its etymology may mean nature, character and personality.<sup>24</sup> Akhlak in accordance to Hamzah Ya'qub comes from Arabic language, plural form from khuluqun which means character, attitude, nature or personality.<sup>25</sup> Ibnu Maskawih mentions that akhlak (ethics) is "akhlak is the condition of someone's soul which pushes him/her to do actions without any determination (before)".<sup>26</sup>

According to Imam Al-Ghozali "Akhlak is a character planted in the soul from which the actions come easily without the need to think and determine. If the character is planted in the soul then it will produce some good and noble actions based on mind and syariah".<sup>27</sup> While according to Elizabeth B. Hurlock, she defines moral (*akhlak*) as: Moral behavior is controlled by moral concepts the rules of behavior to which the members of a culture have become accused and which determine the expected behavior patterns of all group members.<sup>28</sup>

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<sup>22</sup><http://www.google.co.id/search?hl=id&q=filsafat+etika&start10&saNhttp://prabu.wordpress.com/2007/10/25/etika/>

<sup>23</sup> M. Amril, *Etika Islam, telaah Pemikiran Filsafat Moral Raghīb al-Isfahani*, (Yogyakarta: Pustaka Pelajar, 2002).

<sup>24</sup> Departemen P dan K, *Kamus Besar Bahasa Indonesia*, (Jakarta: Balai Pustaka, 1991), p. 15.

<sup>25</sup> Hamzah Ya'qub, *Etika Islam*, (Bandung: Diponegoro, 1988), p.11.

<sup>26</sup> Ibnu Miskawih, *Tahdzīb al-Akhlak Ibn Miskawih*, (Mesir: Maktabah al-Khusainiyah), p. 25.

<sup>27</sup> Imam al-Ghazali, *Ihya' 'Ulumuddin, Juz III*, (Beirut: Dar ihya al-Kutub al-Ilmiyah), p. 48.

<sup>28</sup> Elizabeth B. Hurlock, *Child Development*, (Tokyo: Mc Graw Hill International), p. 389.

Akhlak is a human's soul will which causes the action easily because of a habit, without the determination of thinking before.<sup>29</sup> Akhlak is the capability of a soul to produce an action spontaneously, without thinking or pressure. Akhlak is often meant as all actions produced by spiritual power as a good or bad action.<sup>30</sup>

In Islam, akhlak, besides having horizontal dimension, also has a dimension as akhlak to Allah. The measurement of this is "right" or "not right"<sup>31</sup> something which is "not right" even it has sympathetic performance, amazing social taste; it will directly fall down without a value. What is considered as something right must also has good and sympathetic exterior. A good attitude whose effect may please other and satisfy the doer itself, of course will result to the peaceful mind. In the other hand a bad attitude will be detested or even alienated by others. Here it will reveal clearly how important and valuable someone's ethics, akhlak and moral are in this life. A goodness or badness of someone is valued by the ethics she or he owns.

Ethics system in Islam generally and basically is very different to ethics system built in the West world. The West thinking pattern which creates West ethics tends to show existence of dynamic journey with characteristics of always changing and temporary based on the dynamic of civilization and dominant era development. The birth of ethics thought in the West was usually influenced only by its founders; therefore if someday it is collided with religious teaching it will create a new extremity that made human put forward the world life with the support of rationality. Furthermore, this creates West ethics value tends to be individualistic and socialist.

However, it is different from Islam; Islam determines more in many aspects in building a concept of thought. Islam teaches unity relationship between human and their creator, human and human and human and the environment. This is what is called as life balance from the aspect of world life and hereafter where both are seen as having equal importance. In achieving both human always put forward the

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<sup>29</sup> Chabib Thoah et. al., *Metodologi Pengajaran Agama*, (Yogyakarta: Pustaka Pelajar, 1999), p. 111.

<sup>30</sup> Suwito, *Filsafat Pendidikan Akhlak Ibnu Miskawaih*, (Yogyakarta: Belukar, 2004), p. 31.

<sup>31</sup> Daud Rasyid, *Islam dalam Berbagai Dimensi*, (Jakarta: Gema Insani Press, 1998), p. 48.

teaching which is based on Al-Qur'an and Hadist. This specialty becomes a basic difference between Islam and the West.

#### *D. Business*

Business with all of its forms without our awareness has occurred and covered our everyday activity. Since we wake up in the morning until we get back to our bed we cannot be apart from business thing. Just imagine, from our house (the house and everything in it), all of our outfits, several kind of food we eat everyday, the car to take us to work, our workplace and so on are the result of business process. In short, everything which is owned and done by being human cannot be released from the result and product of business.

Therefore, what is done by human to fulfill their life by working can be categorized as the business interpretation in general. However, we can simplify the Islamic business as a series of human activity and business action in its variety of form which is not limited by the amount of good (property or service) ownership including all the benefits, and all of them have limitation in the way to get, manage and empower it. It means that there is a rule of halal and haram.

The word "business" in Indonesian language is taken from the word "business" from English which means activity. So, there is an assumption that the meaning of the word "business" is an activity which orients at profit/ benefit. According to Satria A Nonoputra, business is an activity oriented to profit which produces good or service to fulfill the need of society.<sup>32</sup> Business can also be called as an institution that produces goods or services which are needed by the society.<sup>33</sup>

The effort to define the term 'business' is very varied depends on someone's point of view in giving the interpretation. In the dictionary of Bahasa Indonesia,

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<sup>32</sup> <http://camilanekonomi.wordpress.com/2007/08/10/pengertian-bisnis/>

<sup>33</sup> This definition is given by Brown and Petrello in H. Buchari, *Pengantar Bisnis*, (Bandung: CV. Alfabeta, 1997).

business is defined as a trade, commerce in a trade world and a field of work. In contrast to Skinner (1992) according to him a business is the exchange of good, service or money which has mutual profit or benefit. Meanwhile, according to Anaroga and Soegiastuti (1996) business is categorized as a term which has a basic meaning as “the buying and selling of goods and services”. Straub and Attner (1994) define business as an organization which undergoes production activity and selling goods and services wanted by the consumers to get the profit. In this case, good means a product which is physically has a shape (can be known by five senses), while services are the activities or several activities that can result benefit to the consumers or other businessman.

The definition of business to Hughes and Kapoor is “the organized effort of individuals to produce and sell for a profit, the goods and services that satisfy society’s needs. The general term business refers to all such efforts within a society or within an industry.”<sup>34</sup> In short, business means an institution that runs activities to produce goods and services to fulfill the need of others.

One kind of job which is becoming a discussion nowadays is a business. The term business actually cannot be seen in only one eye, because this is one of the most important problems in the human life. The wheel of business will always go without determining time, place or doer. Whenever, wherever, and whoever can carry out this job. Is it done by Moslem or non-Moslem, business will continuously run. It means that business has long been carried out by human as long as there is human; the difference is only time, place the doer of the business and one more thing that is the object of business. However, the most important to understand is that the business world is an essential exhibition for the circle of human life in this world, without business may be there will be no more human in this world.

The world of business is not a strange or new thing in Islam society, because since the birth of Islam in Arab Peninsula the activity of business was started there.

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<sup>34</sup> Amirullah, Hardjanto, Imam, *Pengantar Bisnis*, (Yogyakarta: Graha Ilmu, 2005).

One of them, of course, was done by the messenger of Islam, Muhammad SAW. Business or trade world has been long carried out by Islam society, and since Rasulullah SAW period the world is one of the mainstays for Islam society as field of work in fulfilling the need of people live. Based on the history the development of Islam society's business is very good, it is proved by the success of Muhammad in doing his business. This is then imitated and applied by his *sahabat* (companions).

From the explanation above, we can take one conclusion that the definition from business ethics is a set of value about good, bad, right or wrong in the world of business are based on the principles of morality. In the other word business ethics can also be called as a set of principles and norms where the business doer must have commitment in doing the transaction, attitude and in having the relation in order to reach the goal of business successfully. Therefore, it is very important to understand the importance of ethics in business. It means that someone, especially the doer of a business has a supply to do the right thing based on the spirit of knowledge, awareness and condition which stands on the values of morality.<sup>35</sup>

In the other interpretation it is mentioned that: "*Business ethics, therefore, is concerned with good and bad or right and wrong behavior that takes place within a business context. Concepts of right and wrong are increasingly being interpreted today to include the more difficult and subtle questions of fairness, justice, and equity.*"<sup>36</sup> Linda Klebe Trevino says that *Business ethics is about building of trust between people and organizations absolutely essential ingredient to conducting business successfully especially in the long term* (Linda Klebe Trevino, 1995: 290) it means that business ethics is a form of interaction in building the belief between business person and organization, and other related part to produce the successful business especially in the future.

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<sup>35</sup> Faisal Badroen, et. al., *Etika*, p. 16.

<sup>36</sup> The definition of business ethics according to Business & Society - Ethics and Stakeholder Management (Caroll & Buchholtz).

### *E. The Importance of Ethics in Business*

A reflection from the thought of moral of which the values and norms applied or are not applied at all will be the important object of study. As also in business matter, ethics is very important to be applied. Therefore, it can be said that one object of study is moral aspects of economic system in an organization and each does involved in it.

One the important thing of learning ethics is to give new insight in creating the guide of making decision in business which needs moral dimension. For the business doer itself, it will give one understanding and effect to the emerge of many decisions taken when he or she is facing the rivals, consumers, government, or in challenging the business competition in this modern era.

Ethics as signs in a group of society will be able to lead and remind its member to good conduct which must be obeyed and done. Ethics in business must have been approved by the people who are within the business and other group involved in it.<sup>37</sup>

This is then the basic of reaching the goal in business, such as: giving the awareness in every business persons with the existence of ethics dimension in business, introducing moral argumentations in the field of economy and business and how to structure it, and helping to determine precise moral attitude in doing the profession. Those three goals are the steps to apply ethics in a business. Thus it is expected that from this will appear several abilities especially in relation to business. The ability is analytical which is: the ability to understand the position and relationship by sharing moral principle and “*theory or system of moral values*”.<sup>38</sup>

Ethics as the teaching of good-bad, right-wrong, or a teaching of moral especially in economic attitude and actions, is based on religious teaching. That is why that there are many teaching and understanding of the West economy which point to the Bible and many Jews economic ethics which referred to the Old

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<sup>37</sup> Ritha F Dalimunthe, *Etika Bisnis*, Fakultas Ekonomi Universitas Sumatera Utara.

<sup>38</sup> Rafik Issa Beekun, *Etika*.

Testament. Likewise economic ethics of Islam is also included in more than one fifth of verses of Al-Qur'an. However, if the ethics of Christian-Protestant produces the spirit of capitalism, then the ethics of Islam does not lead to capitalism or socialism. If capitalism shows the individualism of the human and socialism on collectivism, then Islam emphasizes five characters (once axioms such as: unity, equilibrium, free will, responsibility, and benevolence).<sup>39</sup> From this matter human as God's khalifah in the world is unlikely to have individualistic character as all wealth in the earth belongs to Allah, and the human is His trust in the earth.

Furthermore, ethics is as one important factor to the creation of a better condition of human life. Because by holding to the truth of ethics then someone's life obviously will go normally and happily. Including the matter of business, ethics is very influential to the continuous of a business, because a business without ethics is like walking without control and good direction. That is why everything is often related to ethics because the power inside is very huge to give right or wrong effect in running the wheel of business.

The emergence of business ethics discourse is because of a reality in the field shows many divergences in the world of business. One of them is the business that ignores the value of morality.<sup>40</sup> It frequently happens when the business person does their activity just to get as much benefit they can obtain. The implication is clear that they will allow any ways to get what they want, and of course they will ignore healthy and right business ethics. Morality aspect in business competition is seen as a hinder; therefore some business person put morality in the number so-and-so. Meanwhile, taking the benefit is the first thing to hold. They also often think that the principle of morality will only limit the business activity, while the freedom without any rules is considered as a major key for the success.

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<sup>39</sup> More explanation can be read in: *Etika Bisnis dalam Islam/ the business ethics in Islam* (Faisal Badroen, et.al) and also it can be found in: *Visi Al-Qur'an tentang Etika dan Bisnis / Vision of Al-Qur'an about Ethics and Business* (Muhammad. R. Lukman Fauroni)

<sup>40</sup> Muhamamad R. Lukman Fauroni, *Visi Al-Qur'an tentang Etika dan Bisnis*, (Jakarta: Salemba Diniyah, 2002), p.1.

For example in this era is the business of drinks, prohibited drugs and woman trafficking and so on. Those businesses really ignore morality, because they are the businesses that are able to gain great profit, even if it is seen from the ethics side moreover religious side it is obviously prohibited as it is included as illegal and sin. Besides, the reason why this is prohibited, in spite of disobeying and ignoring morality, the impacts are clearly as negative and harm individual and society. The reality that this kind of business is far from moral value is because it considers benefit as everything while humanity aspect is left behind.

Nevertheless, there is an opinion and belief that a success of a business cannot be apart from ethics. This people argue that ethics is a basic foundation of every human action in all aspect of life, including business activity. Therefore, the aspect of ethics cannot just be left; the advantage of ethics in doing a business is really needed as one of controls for business person in order that they always run the business in the path which is appropriate to the norms determined and used in the society. This expectation then becomes the spirit to continuously apply ethics in business. The other aim is to break the ways, systems or several amoral business practices.

Because ethics is taken as a guide in economic and business activity, then business ethics according to Islamic teaching can also be discovered directly from Al-Qur'an and Hadist of the prophet. For example because of the prohibition of *riba*, then the financial owner is always involved directly and responsible to the company she/he owns, even to her/his employees. A company in Islamic economic system is a family company not PT / limited liability company where those who hold the share can give the management of the company directly to the paid director or manager. It is right that in this system there is no huge company, like in the capitalist world of the West, but also there will be no company which is suddenly bankrupt or bankrupted.

Business ethics in Islam really respects highly the spirit of mutual belief, honesty, and justice, while between the employer and employees there will develop the spirit of brotherhood. For instance in Islamic company the salary of the employees can be reduced if the company is lost and the employees also get bonus if

the company's profit is increasing. Young employees who still live with their parents may be paid lower, while those who have family and children can be paid higher in compare to their younger friends.

Quraish Shihab gives one clue that normatively Al-Qur'an shows more principles about business which based on business management frame as economic doer without differentiating the class.<sup>41</sup> This means that it is expected in every business there will be no system differentiate between the rich and the poor, because based on the business ethics this will become one form of obstructions in carrying out the business. However, business also does not recognize classes, between the rich and the poor as all of them may enter the wheel of business. The most important thing is how the business can run according to syari'ah norms and appropriate with the clues in the Al-Qu'an and Sunnah.

What has become the problem above is one effort to always seek for one business principle which is based on Al-Qur'an, such as business that always puts forward the Qur'anic values. This aims at refusing the opinion that business is an activity with the goal to get only benefit in the world's life and it does not have relation to ethics. However, more than that resting on Qur'anic values it is hoped that the practice of business today puts forward more on the ethics values than using liberal system which is far from Islamic teaching.

Why must Al-Qur'an become the source of Islamic business ethics? Because Al-Qur'an is a divine revelation which is given together with many purposes. First, to fight against poverty materially or spiritually, remove many kinds of stupidity, to cure from many kinds of deceases of live in this world including the field of social, political, economic and so on. Second, as the main source of Islamic teaching, Al-

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<sup>41</sup> Quraish Shihab, M, *Wawasan Al-Qur'an, Tafsir Maudhu'I atas Pelbagai Persoalan Umat*, (Bandung: Mizan, 1997).

Muhamamad R. Lukman Fauroni, *Visi.*, p.2.

More explanation can be read in Drijarkara about human

Departemen Agama Republik Indonesia, *Al-Qur'an dan Terjemahnya*,( Semarang: C.V Alwaah, 1995), p.168.

H. Buchori Alma, *Dasar-dasar.*,p. 49.

Qur'an contains many kinds of values, rules, norms and regulations that manage all human activities, including the activity of business. Therefore, it is very relevant if in developing the Islamic business ethics Al-Qur'an must be the main source of it.

By always based on teaching of Al-Qur'an, the business ethics created will contribute one result from better the exploration and interpretation process of basic values of Al-Qur'an. The expected contribution or course will bring the effect on the establishment of one Islamic business process which respects highly the ethics value, and will be able to give a new sight for business world development, especially Islamic business with the purpose to reach a real pure and comfort business. This purpose comes together with the discourse which is developing today, that is the effort to develop business ethics as a part of effort to give a new nuance for the circle of Islamic economic circle today, especially the economy of Indonesia.

#### *F. Concluding Remarks*

It is publicly known that business world in the eras of neo-liberalism and capitalism as nowadays is worrying. This is because modern business is only practiced for struggling with financial profit and defeating one another. The business actors often use the concept of business relied upon the concept coined by Darwin, *survival of the fittest*. From this point, values of ethics are rarely performed in the business world. As the consequence, it is hard to find unity, integrity, honesty, trust, justice, balance, and social responsibility in the business. Thus, the most visible point in the business activities is a business covered with capitalist and arrogant characters. Moralities and ethics tend to be ignored in such business but, on the contrary, the character of pragmatic individualism appears dominantly which strongly demands the business actor to ignore what is permissible (*halal*) and not-permissible (*haram*).

These new kinds of imperialism have been experienced and impacted on the ethics distortion in the whole dimensions of life. This syndrome is then called neo-liberalism. Manosur Fakhri (2004) critically explores the characters of neo-liberalism. In his view, neo-liberalism, will always, struggle *laissez faire* (freewill). The

supporters of this ism will propagate an idea that the business world is not related to ethics. Even according to Richard T. De George in his *Business Ethics*, such a view can be considered as ‘amoral business myth’, meaning that one performs a business activity which is not based on morality.<sup>42</sup> The view is strengthened by a belief that it is a big mistake that success and achievement of a business activity is measured with morality standards.

Business without morality is often based upon the principle of *homo homini lupus* (a man is a bear for the other man) or no ally in business. This principle leads one to think that competitors are enemies to be defeated for financial profit. Ethics is placed at the last priority instead of win and gaining big profit. The best example to show here is slandering among one another. This action, unfortunately, has been commonly committed in any levels of business.

It is different from the business based on ethics. It prioritizes and is relied upon the principle of *homo homini socius* (a man is friend for all). This concept roots from the thesis of Drijarkara on human abstracted in the concept of *homo homini socius*.<sup>43</sup> The application of the concept is presently rarely found. At least, the concept should be made as the basis of developing business activities which respect for one another. Competitors in the business world should be made as the best partner in running the activities. Moreover, competition in the business world is better made as a health and faire competition by giving best services to consumers.

In Islam, competition in business is indeed permitted though just limited in goodness. It is as stated in the al-Qur’an “so strive as in a race in all virtues...” (al-Maeda: 48).<sup>44</sup> This verse indicates that competition is allowed as far as it is still in the frame of public benefits and is performed in line with Islamic rules in the al-Qur’an and al-Hadits as well as regulations ruled by the government or agreed by society.

The discourse of integration of ethics into business at first started when modern business is considered to have ignored aspects of ethics, morality, and spirituality. Finally, competition in business is merely oriented to the motives of capital and financial profit. A businessman with big profit will persistently enlarge its business

scope in order to gain bigger financial profit. To achieve this profit, any activities are performed though contradicting ethics. Thus, small-scale-business is marginalized to have the same opportunity for developing its business. The practice of business monopoly also worsens such condition. This phenomenon occurs generally in the global business world, including Indonesia.

The power of ethics and morality has to be made as the spirit of developing today's business. Ethicized business is essential as the profession of businessman is a glorious profession which serves people. To sustain his or her business activity, one has to implement the business ethics.<sup>45</sup> When ethics are ignored, a business activity will definitely be conducted freely without considering goodness-badness, permissible-non-permissible. If this condition occurs continuously, the balance in business is obstructed and the business crisis shall occur.

An alternative way to address the problem is applying the Islamic ethics of business as it teaches business management based on al-Qur'an, hadist, and laws produced by ulama' of *fiqh*. The basis employed in this ethics is morality (ethics) and spirituality. The vision and mission it holds is creating the public goodness both in the world and hereafter. It seems obligatory that each Muslim businessman runs his/her business activities relied upon values written in Islamic doctrines. Doctrines written in the religious texts should be performed by businessmen, mainly Muslim.

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