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Analysis of Islamic business ethics and its impact during the Covid19 pandemic

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Abstract

A good organization and business must have ethics and social responsibility according to its functions. By mapping the relationship patterns in such a business, it can be seen that the principles of business ethics are manifested in an interactive relationship pattern. The purpose of this paper is to analysis the Islamic business ethics perception in Ma'had Al-Muqoddasah Islam and its impact. In this study, the data qualitative approach used with employing interview methods as data collection technique. The findings of business ethics such as principles of autonomy, principles of honesty, principles of justice, principles of mutual benefit, principles of moral integrity related to Islamic values. Sincerity, simplicity, independence, ukhuwah Islamiyah and freedom are indicated as mahad five spirit that must attach on their employees. Impact to stakeholder's perspective, especially parents of students have to follow dominant points to remember and adopt such as readiness, sincerity, trust to Allah, effort, and trust to institution. Ma'had Al-Muqoddasah strengthen Islamic business ethics and also enforcing all COVID-19 safety protocols.

Keywords: *Business Ethics; Islamic Institution; Impact; Pandemic Covid19*

Abstrak

Organisasi dan bisnis yang baik harus memiliki etika dan tanggung jawab sosial yang sesuai dengan fungsinya. Dengan memetakan pola hubungan dalam suatu bisnis, maka dapat diketahui bahwa prinsip etika bisnis diwujudkan dalam pola hubungan yang interaktif. Tujuan makalah ini adalah untuk menganalisis persepsi etika bisnis Islam di Ma'had Al-Muqoddasah Islam dan dampaknya. Dalam penelitian ini, pendekatan kualitatif dengan menggunakan metode wawancara sebagai teknik pengumpulan data. Adapun temuan etika bisnis seperti asas otonomi, asas kejujuran, asas keadilan, asas saling menguntungkan, asas integritas moral yang berkaitan dengan nilai-nilai Islam diindikasikan dalam studi ini. Ketulusan, kesederhanaan, kemandirian, ukhuwah islamiyah dan kebebasan diindikasikan sebagai mahad lima ruh yang harus melekat pada karyawannya. Dampak terhadap perspektif stakeholder, terutama orang tua siswa harus mengikuti poin-poin dominan yang perlu diingat dan diadopsi seperti kesiapan, keikhlasan, amanah kepada Allah, usaha, dan amanah kepada institusi. Ma'had Al-Muqoddasah memperkuat etika bisnis Islam dan juga menegakkan semua protokol keselamatan COVID-19.

Kata Kunci: *Etika bisnis; institusi Islam; pengaruh; pandemi COVID19*

A. INTRODUCTION

In a business world which is in the midst of this pandemic, the role of business ethics is very important. Business ethics is a segment of applied ethics that tries to control in Islamic institution. The aim of Islamic institution in the world according to *Aqidah* is to achieve the long-term goal of life that is everlasting in the hereafter by worship to Allah (Anggara & Faradisi, 2019). Business ethics approach support to examine the moral and ethical settings of the company as well as explore how good or bad a business entity addresses moral issues in Islamic institution (Anggara & Hastuti, 2017). The purpose of business ethics is to help entrepreneurs in making the right decisions and encouraging moral awareness for entrepreneurs to run good business while doing business in the COVID-19 pandemic (He & Harris, 2020).

To break the chain of spreading the virus, the government has implemented a policy to work from home or what is known as WFH or called Work Form Home (OECD, 2020). In addition, due to the covid-19 outbreak, it really creates a moral dilemma for entrepreneurs to maintain their business and think about the welfare of employees so they are not threatened with layoffs. However, what is happening now is that many workers who are threatened with dismissal are suing and business model also cornering the employer (Ritter & Pedersen, 2020).

In fact, entrepreneurs also feel confused in making decisions because they have to think about expectations of business ethics and other consequences that of course can occur such as company safety which is very much at stake. As with the moral dilemma experienced by entrepreneurs in the Covid-19 pandemic situation in business ethics (Gaudig et al., 2020).

Social distancing is a tough choice for every people also consumer in implementing policies to prevent the spread of Covid-19, because this policy has a negative impact on all aspects of life (Sheth, 2020). The social distancing policy has fatal consequences for the wheels of human life, the most impacted economic problem, because this access various layers of society, the slowdown in the economy results in the closure of the primary human needs to fulfill it, because the state will be very burdened if it has to bear all the basic needs of every citizen. The education sector is also affected by this policy. The sudden government decision to dismiss or move the learning process from schools / madrasahs to homes has left many parties distracted.

New approach in learning methods forces various parties to follow the path that can be taken so that learning can take place, and the choice is to use technology as an online learning medium (Krishnamurthy, 2020). The use of this technology is actually not without problems, there are many factors that hinder its effectiveness

In this study, analysis of business ethics on *Ma'had Al- Muqoddasah* Ponorogo Islamic boarding school conducted. This Islamic boarding schools in Ponorogo area has 785 students. Thus, the management must be having good business ethics based on Islamic values. This research is very important to be carried out in order to analyze business ethics which have to implement and to analyze its impact on the *Ma'had Al-Muqoddasah* Ponorogo Islamic boarding school based on stakeholder perspective. Starting from the background above, the problems discussed in this paper as follows: How do Islamic business ethics affects institutions management (*Ma'had Al-Muqoddasah Ponorogo* Islamic Boarding School) and its impact during covid19 pandemic? The benefits of this research can be categorized as theoretical benefits for further research and practical benefits in related institution. Business ethics that are applied in the midst of a pandemic. The questions used for data collection can also guide respondents as managers to face challenges from the environment and external parties. The purpose of this paper is to analyze the perceptions of Islamic business ethics in *Ma'had Al-Muqoddasah* Islam and its impact on the perspectives of stakeholders and students' parents during the COVID-19 pandemic.

B. RESEARCH METHODS

This section aims to get an in-depth representation of the determination of corporate governance in *Ma'had Al-Muqoddasah Ponorogo* with a qualitative approach. This approach is used by observing the phenomena of the conceptual world of subjects that are observed through their actions and thoughts in order to understand the meaning compiled by the subject around everyday events.

The researcher tries to understand the subject from the point of view of the subject itself by not ignoring interpretation and making conceptual schemes. The type of research used in this study is a case study that include research objectives in the form of human beings, events, settings, documents, and objectives are examined in depth as a totality, according to the background or context of each where the intention to understand the various relationships that exist between the variables.

The location of this research is at the *Ma'had Al-Muqoddasah* (Islamic Boarding School) at Nglumpang Village, Sub-District of Mlarak, Ponorogo Regency, East Java. The research was carried out during July 2018 to September 2018 with several respondents such Head of *Al Muqoddasah* Elementary School, Head of *Al Muqoddasah* junior high school, administration staff, student affair staff, and the director of *Ma'had Al-Muqoddasah* Ponorogo.

In data collection procedure, the researcher contacted the *pesantren's* director to do an interview agenda. After agreeing on an appointment, the researcher came to the *pesantren*. Researchers collected primary data obtained from observations and interviews with top management and administrators of the *Mahad Al Muqoddasah* which were conducted openly and periodically. The interview material focuses on the research topic discussed.

For secondary data, data collection is based on literature on Islamic business ethics in business management, obtained by reading books that are already owned, reading books and accessing e-books on the internet.

This research uses descriptive qualitative analysis technique. The analysis used is to harmonize between the theory and the study that have been found in this study. Moreover, it is to analyze the case study data by making an explanation (narrative), and describing (description) the case concerned and proving the theoretical propositions that have been made.

C. RESULT & DISCUSSION

The economic potential of *pesantren* is a local potential that should be developed ethically well. Islamic boarding schools have independently managed business units that are still part of the boarding school foundation legal entity. This strategic business unit is included in the Islamic boarding school reporting entity. Business units from *Ma'had Al-Muqoddasah* can also stand alone as separate legal entities, such as in the form of cooperatives, limited liability companies, and other forms of legal entities. This business unit is not included in the scope of the Islamic boarding school reporting entity. Meanwhile, according to Sonny Keraf (1998), there are five principles that can be used as a code of conduct in carrying out these business practices.

The principle of autonomy shows an attitude of independence, freedom and responsibility (Salvioni & Cassano, 2017). An independent person means *Ma'had Al-Muqoddasah* can make decisions and carry out actions based on their own abilities according to what they believe, free from pressure, incitement, and dependence on other parties. The principle of independence applied by *pesantren* in this study, can be reflected in each organ in the *pesantren* not dominating each other or no intervention from outside parties. This is so that the management of Islamic boarding schools is free from influences from both external and internal parties (Karishma & Widiastuti, 2017)

The principle of honesty on *Ma'had Al-Muqoddasah* management and functional staff embed the attitude that what is thought is what is said, and what is done. This principle also implies compliance in carrying out the various commitments, contracts and agreements that have been agreed upon (Ahmed, Agnihotri, Salam, & Mehmood, 2016).

The principle of justice means an attitude to treat all parties fairly, namely an attitude that does not discriminate from various aspects, both from economic, legal, and other aspects (Keay, 2015). Good internal control on *Ma'had Al-Muqoddasah* can be used as an effort to apply the principles of good corporate governance well. According to the director, there are only one indicator is applied, to measure the extent to which the application of the fairness principle in the institution. The indicator that is used as a measure is the stakeholder indicator.

The principle of mutual benefit on institutions is awareness in doing business based this principle (Scharfstein & Gaurf, 2013). In the process of buying and selling in the *Mahad Al Muqoddasah* business unit, there is also a process of bargaining prices, viewing and ensuring goods to

providing guarantees, customer service, promotions and price transparency, which can be said to be in accordance with Islamic business ethics. All parties in business are required to provide a price list for the goods or services sold, which benefits both parties between sellers and buyers in student cooperatives and canteens.

The principle of moral integrity is the principle of not harming others in all business decisions and actions taken (murtaz and vasil kikutadze, 2014). This principle is based on the awareness that everyone must be respected for their dignity. The director told about profile of *Ma'had Al-Muqoddasah*, Management policy of *Ma'had Al-Muqoddasah*, code of ethics and attitude orientation of students, ustadz, and the management at *Ma'had Al-Muqoddasah*, The general policy of handling a conflict of interests at *Ma'had Al-Muqoddasah*, the policy to handle the violation at *Ma'had Al-Muqoddasah*, policy about protection of the student's education quality, transparency policy at the management and the activities at *Ma'had Al-Muqoddasah*, Internal quality management system, and a policy of set up the goods and services at *Ma'had Al-Muqoddasah* which vision is : Educated, faithful, piety, achievement, able to read-memorize-understand Al-Quran and have good character.

Public trust in students who are known to uphold ethics, the basis for ethical thinking in the style of institution (Karri & Cam Caldwell, 2015). No matter how good business ethics on the institutions proclaims and outlined in the code of conduct, it will not work without employee compliance in adhering to the norms of decency in carrying out *Mahad Al Muqoddasah* activities based on Panca Jiwa *Ma'had Al-Muqoddasah Li Tahfidhil Qur'an*. Panca Jiwa includes a spirit of sincerity, a soul of simplicity, a soul of independence and independence, a soul of Islamic *ukhuwah*, and a freedom spirit (Syamsuri & Saputro, 2019).

Business ethics that can be carried out during the Covid-19 pandemic by social distancing, wearing masks, being honest with stakeholders, doing justice to employees, teacher, staff, and students. Education and business unit process inside always to maintaining the health fitness with exercise inside *mahad* education system through good sanitation and strengthen in faith also worship to Allah.

Mahad Al Muqoddasah education and business process based on the health protocol that apply to non-boarding religious education also apply to *pesantren* and boarded religious education. Such as clean the room and environment regularly with disinfectants, especially door handles, light switches, computers and keyboards, tables, floors and carpets of mosques / houses of worship, floors of rooms / dormitories, study rooms, and other facilities that are often held by hand.

Mahad Al Muqoddasah provide hand washing facilities using soap and running water in toilets, classrooms, teaching rooms, gates, every room / dormitory, dining room and other frequently accessed places. If there is no water, you can use hand sanitizer.

Mahad Al Muqoddasah always inform health messages on how to wash hands properly, how to prevent transmission of COVID-19, coughing / sneezing etiquette and how to use masks, in strategic places, such as at class entrances, gates, management rooms, kitchens, canteens, mosque / house information boards worship, sports facilities, stairs, and other easily accessible places. Make a culture of using masks, keeping staffs and students' distance, washing staffs and students' hands with soap, and applying proper cough / sneezing ethics.

Mahad Al Muqoddasah inform that who are unwell or have a history of visiting areas affected by the corona virus in the last 14 days must immediately report themselves to the management of Islamic boarding schools and religious education. *Mahad Al Muqoddasah* avoid alternating use of toiletries and towels in boarding schools and boarding religious education. Doing physical activity, such as exercise every morning, exercise, and regular community service while maintaining a distance, and encourage eating healthy, safe and nutritionally balanced foods. Staffs and students with a temperature of more than 37.3 degrees Celsius are not allowed to enter the classroom and / or dormitory room, and the *Mahad Al Muqoddasah* immediately contacted health officials at the local health service facility. If a high body temperature is accompanied by symptoms of cough, runny nose, sore throat, and / or shortness of breath, it is advisable to immediately contact a health worker at a health facility. If you find an increase in the number of people with the characteristics of the above conditions, immediately report this to the health service facility or local health office. *Mahad Al*

Muqoddasah provide isolation space that is separate from learning activities and other activities. Providing hand washing facilities, including soap and hand dryers (tissue) in various strategic locations. *Mahad Al Muqoddasah* provide balanced nutritious meals that are cooked thoroughly and served by cooks and presenters who use gloves and masks.

Mahad Al Muqoddasah with the teaching and learning process system in Islamic boarding education units, it is mandatory to comply with health protocols during the COVID-19 pandemic. *Mahad Al Muqoddasah's* communication approach through public relations staff will create a feeling of mutual need and complement each other in everyday life during the Covid-19 pandemic. With this communication each will carry out its function properly within the framework of the same understanding. In the end, there will be mutual understanding and trust among all. Efforts have been made to optimize the role of *Mahad Al Muqoddasah's* public relations during the Covid-19 pandemic to gain the trust of the public and stakeholders. This approach shows 5 values perspective by stakeholder and student parents. (*Tega, Ikhlas, Tawakkal, Ikhtiar, Percaya*). Readiness, Sincerity, Trust to Allah, Effort, and Trust to Institution.

In order for children to be successful in the *Mahad Al Muqoddasah*, parents must have readiness (*Tega*) and sincerity (*Ikhlas*) to let their children grow and develop there. Must have readiness to leave the child, even though the child cried when he was left behind. Must have readiness and sincerity to see his son struggling to handle all his own affairs even though his tears ran out. In order for the children's education process to be successful in the *Mahad Al Muqoddasah*, parents must have trust to Allah (*Tawakkal*) and remain consistent with intention (*Ikhtiar*). That is, do not easily recede just because of the whining or complaint from the child. Parents must consistent in effort to support their sons/daughter to studying knowledge in *Mahad Al Muqoddasah*. Especially for children who are separated from their parents, there must be many obstacles and obstacles to face. Parents must consistent with intention covers support, funds, and prayers (*3D: daya, dana, dan doa*).

Without *tawakkal and ikhtiar*, easily make students resign and no longer continue the education that has been planned. If there is also a whining from the students about the hut, understand the problem and be treated as best as possible. Stakeholder trust to institution (*Percaya*) which is *Mahad Al Muqoddasah* management and functional staff. The limitation of the social interaction of the community can hinder the rate of growth and progress in various fields of life, but there is no other choice, because this method is the most effective.

D. CONCLUSION

Islamic business ethics at *Ma'had Al-Muqoddasah* Ponorogo based on general principles integrated with values of Islam and own indigenous organizational values as follows sincerity, simplicity, independence, *ukhuwah islamiyah*, and freedom. COVID-19 pandemic has raised a host of ethical challenges for *Ma'had Al-Muqoddasah*. This study confirms that *Ma'had Al-Muqoddasah* strengthen Islamic business ethics and support by enforcing all COVID-19 safety protocols and ensuring that staff and students receive education about COVID-19 standards, principles, sets of values and norms that govern the actions and behavior during pandemic. Its impact to stakeholder and student parents' perspective such as readiness, Sincerity, Trust to Allah, Effort, and Trust to Institution (*Tega, Ikhlas, Tawakkal, Ikhtiar, Percaya*).

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