

# Implementation of Islamic Business Ethics in Enhancing Entrepreneurship: A Case Study of Wisma Barbershop

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## ABSTRACT

Some common problems include a lack of understanding and inconsistent implementation of Islamic business ethics. Many barbershop owners and employees still struggle to apply these ethics consistently in their daily operations. This issue, coupled with intense competition in the barbershop industry, affects the effective implementation of Islamic business ethics. The aim of this research is to examine how Islamic business practices are applied in an entrepreneurial context, specifically focusing on barbershops. A descriptive qualitative case study method was employed to gain an in-depth understanding of the application of Islamic business ethics in Wisma Barbershop's daily operations and its impact on entrepreneurship. Data for this research were collected through interviews with barbershop owners. For analyzing qualitative data, the Miles and Huberman model was used. The findings indicate that Wisma Barbershop adheres to Islamic business ethics, incorporating principles such as morality and honesty, monotheism, justice, freedom, and responsibility. This study demonstrates that implementing Islamic business ethics in barbershops involves more than just providing services; it reflects a commitment to ethical business practices.

## ABSTRAK

Beberapa masalah umum yang sering muncul meliputi kurangnya pemahaman dan penerapan yang tidak konsisten terhadap etika bisnis Islam. Banyak pemilik dan karyawan barbershop masih kesulitan untuk menerapkan etika ini secara konsisten dalam operasional sehari-hari mereka. Masalah ini, ditambah dengan persaingan ketat di industri barbershop, memengaruhi efektivitas penerapan etika bisnis Islam. Tujuan dari penelitian ini adalah untuk memeriksa bagaimana praktik bisnis Islam diterapkan dalam konteks kewirausahaan, dengan fokus khusus pada barbershop. Metode studi kasus kualitatif deskriptif digunakan untuk memperoleh pemahaman mendalam tentang penerapan etika bisnis Islam dalam operasional sehari-hari Wisma Barbershop dan dampaknya terhadap kewirausahaan. Data untuk penelitian ini dikumpulkan melalui wawancara dengan pemilik barbershop. Untuk menganalisis data kualitatif, digunakan model Miles dan Huberman. Temuan penelitian menunjukkan bahwa Wisma Barbershop mematuhi etika bisnis Islam, yang meliputi prinsip-prinsip seperti moralitas dan kejujuran, tauhid, keadilan, kebebasan, dan tanggung jawab. Studi ini menunjukkan bahwa penerapan etika bisnis Islam di barbershop melibatkan lebih dari sekadar penyediaan layanan; hal ini mencerminkan komitmen terhadap praktik bisnis yang etis.



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## INTRODUCTION

With the adoption of various economic systems in different countries, economics is developing rapidly. In this context, it is crucial to balance responsibilities and obligations towards environmental conservation and social equality. Business ethics play a vital role in implementing an economy that can be reformed. As awareness of ethical issues grows in

the business world, there is an increasing recognition of the importance of ethical factors in business. Islamic teachings regulate various aspects of human life, including finance and business (Ulfa & M. Nawawi, 2022).

Islamic business ethics comprise a set of moral principles and values underpinning business practices according to Sharia or Islamic law. These ethics are based on the guidelines of the Qur'an and Hadith, which regulate business activities according to the principles of justice, honesty, transparency, Sharia compliance, and social responsibility (Ardiansyah & Idrus, 2023). Islamic business ethics are considered an obligation for entrepreneurs to achieve financial balance (Azizah & Hariyanto, 2021).

Islamic business principles include key concepts such as monotheism, equality, freedom, responsibility, and charity. Thus, business ethics are crucial in Islam. Adhering to Islamic business ethics in planning provides significant benefits, particularly in the globalization era, where the guidance of the Qur'an and Hadith serves as a main reference for avoiding actions displeasing to Allah SWT (Riananda & Fahrullah, 2021). Therefore, the importance of business ethics in Islam is paramount, especially in the business sector. Business ethics not only guide business practices but also provide a solid foundation for Muslim entrepreneurs. To be a successful and blessed entrepreneur, one needs not only strong business skills but also an understanding of Islamic business ethics.

Entrepreneurship is a dynamic process aimed at improving life quality. Entrepreneurs create valuable products and services by taking risks, investing their time, and utilizing existing technology and resources (Wibisono et al., 2022). Entrepreneurship involves the ability to create or invent something new, useful, and beneficial for oneself or others (Dewi et al., 2020).

Research at the study location revealed that barbershop owners are increasingly recognizing the importance of implementing Islamic values in their operations to build customer trust and loyalty. This trend responds to societal demands for ethical values in the services they receive. Common problems include a lack of understanding and consistent application of Islamic business ethics, with many barbershop owners and employees unsure how to implement these principles effectively. Challenges such as inadequate training and education, as well as limited resources for training, supervision, and technology, hinder the optimal implementation of Islamic business ethics. Intense competition in the barbershop industry also affects the adherence to ethical values, as some entrepreneurs may be tempted to prioritize short-term gains over ethical standards, potentially damaging their reputation and customer trust in the long run.

Nevertheless, consistently applying Islamic business ethics can significantly enhance entrepreneurship. By integrating ethical values into business practices, barbershops can build a positive reputation, increase customer trust, and develop a sustainable business model. This approach can also provide a competitive advantage in a market increasingly attuned to ethical concerns. This research aims to identify solutions and recommendations to help barbershop owners overcome these challenges and better apply Islamic business

ethics in their operations, thereby supporting the development of more ethical and sustainable entrepreneurship. The description above has led researchers to investigate the Implementation of Islamic Business Ethics in Enhancing Entrepreneurship (Case Study of Wisma Barbershop).

## LITERATURE REVIEW

### *Ethics*

The term "ethics" derives from the Greek word *ethos*, which means place, home, camp, custom, way, feeling, attitude, or thought. The plural form *ta etha* means "many," and this understanding forms the basis of the term "ethics" (Siregar & Atika, 2021).

### *Business in Islam*

Business in Islam is similar to business practices in general but must adhere to the teachings of the Qur'an, Sunnah, Ijma, and Qiyas (Ijtihad) while focusing on the prohibitions outlined in these sources. Several Qur'anic verses address business, including: Al-Baqarah (282), An-Nisa (29), At-Tawbah (24), An-Nur (37), Fatir (29), Al-Hashr (10), and Al-Jum'ah (11). While Islam allows its followers the freedom to engage in business, it sets forth certain fundamental principles that Muslims must follow in their business dealings (Efilianti, 2018).

### *Islamic Business Ethics*

Islamic business ethics consist of moral principles and values that guide business practices according to Sharia or Islamic law (Putritama, 2018). These ethics are based on guidelines from the Qur'an and Hadith, which regulate business operations to ensure fairness, honesty, transparency, Sharia compliance, and social responsibility. Key principles of Islamic business ethics include prohibiting usury, ensuring honesty in transactions, protecting consumer rights, balancing benefits and risks, and contributing to social welfare and zakat. The objective is to establish a business that is just and equitable, achieving sustainable success (Ardiansyah & Idrus, 2023).

### *Entrepreneurship*

Entrepreneurship is a dynamic process that creates added value. It is driven by entrepreneurs who are willing to take risks, invest time, and offer differentiated products and services. The products and services developed may not be entirely new but must provide new value and benefits through the use of existing technology and resources. This definition of entrepreneurship encompasses concepts such as innovation, organization, creation, prosperity, and risk. Entrepreneurship can be found across various professional fields, including education, medicine, science, law, architecture, technology, social work, and distribution (Hasan, 2020).

## RESEARCH METHOD

This research employs a qualitative descriptive method in the form of a survey using a case study approach. Case studies are a type of descriptive research that focus on a specific case, requiring careful investigation and analysis to draw meaningful conclusions (Rusandi & Muhammad Rusli, 2021). For data collection, the researchers conducted in-depth interviews with barbershop owners, employees, and customers, and made direct

observations at the business locations where the practices were implemented. The study was carried out at a barbershop located in Mandailing Natal Regency, Natal Sub-district, Pasar 1 Natal, Jl. St. Mohd. Christmas. The subjects of this research are barbershop owners and managers in Natal Regency who do not adhere to Islamic business ethics in their operations. This research focuses on their strategic experiences and the challenges they face in integrating Islamic business ethics to enhance entrepreneurship and service quality at the barbershop. Additionally, the research involved barbershop staff and customers to provide a comprehensive perspective on the application of Islamic business ethics in the industry.

By concentrating on these subjects, the research aims to gain in-depth insights into how Islamic business ethics are applied in practice and how this affects the success and sustainability of barbershop businesses in the Natal Sub-district. The key participants include barbershop owners/managers, staff, and customers. Data analysis was conducted continuously throughout the research, both in the field and outside it, using a qualitative descriptive model comprising: 1) data reduction, 2) data presentation, and 3) drawing conclusions and verifying data (Imsar & Harahap, 2023). To ensure data validity, the research employed a suitability test, assessing the consistency of the research results with the processes carried out. The research maintained objectivity through meticulous observation, diverse data collection methods, and contextual data analysis.

## **RESULTS and DISCUSSION**

Islamic business ethics plays a crucial role in entrepreneurship, offering a strong moral foundation for entrepreneurs to operate their businesses in ways that are not only profitable but also fair and beneficial to society. This relationship is evident in various aspects of daily business routines. Entrepreneurs who adhere to Islamic business ethics earn the trust of clients, business partners, and society as a whole. Honesty and transparency in every business transaction and interaction build trust, which can help companies grow and compete effectively in the market.

In addition, risk management becomes more effective when Islamic business ethics are implemented. By avoiding unethical practices, entrepreneurs can prevent legal conflicts and maintain a strong reputation. It's not just about complying with the law; it's also about upholding the integrity and dignity of the business. Islamic business ethics also promote business sustainability. Businesses that prioritize the satisfaction of employees, customers, and the community are better positioned for long-term success. Employees who feel valued and treated fairly are more likely to excel in their work and be more productive.

In implementing Islamic business ethics in entrepreneurship, Mr. Iswar Bandar, as the owner of Wisma Barbershop runs his business by integrating We apply the principles of Islamic business ethics in all aspects of our operations. Next is the application of Islamic business ethics in Wisma Barbershop entrepreneurship, including:

### ***1. Principle of Monotheism***

According to Dzakfar, the principle of Tauhid (vertical) means that Allah SWT, as the ultimate authority, sets certain limits on human behavior to ensure that people can benefit without infringing on the rights of others.

Generally, the principles of faith serve as a philosophical foundation for devout Muslims, guiding them in all aspects of their life. By integrating religious principles into various aspects of life, such as economics, individuals feel that their actions align with their faith. In this context, Wisma Barbershop has not fully implemented the principle of monotheism, largely due to insufficient monotheism education for its employees.

## ***2. Principles of Justice***

The principle of fairness is crucial when providing goods and services of equal quality and value. According to Imam Ghazali, the worth of these products justifies the challenges of travel, business issues, and potential threats to traders' security. The concept of justice necessitates that everyone be treated equally based on fair and reasonable standards, objectivity, and accountability. The law mandates that the rights and interests of all parties must be respected. Islam requires honesty in all work and business activities, even in situations that may not be favorable. Wisma Barbershop adheres to the principle of justice by ensuring price transparency for customers and equitable distribution among employees. This includes offering equal service to all customers, prioritizing their needs, and maintaining transparency and consistency in pricing.

## ***3. Principle of Freedom***

Freedom is defined as the principle that, in business, one cannot act without justification. According to Jazil and Nuri, the concept of freedom involves activities that must adhere to statutory regulations. It includes the freedom of entrepreneurs to choose the nature of their business and to conduct their activities as they see fit. Freedom implies that there is no compulsion in pursuing endeavors, but rather an opportunity for exploration. Unrestricted freedom encourages creativity and diligent work. In Islamic business ethics, freedom entails the ability to enter into contracts and either implement or refrain from them as desired. In the context of barbershops, the principle of freedom encompasses various aspects that allow both customers and staff to enjoy flexibility in their experiences. Key elements of this principle in barbershops include:

- Freedom of choice in services
- Freedom of expression
- Flexibility in schedules
- Freedom in the work environment
- Freedom of opinion and ability to make complaints
- Freedom in pricing

## ***4. Principle of Responsibility***

This represents a form of accountability for all actions. According to Sayid Qutb, the concept of responsibility involves balancing various aspects and scopes, such as body and soul, individual and family, individual and

society, as well as society and other communities. Personal responsibility is a central theme in Islamic teachings, especially in the context of financial freedom. Every individual has a direct relationship with Allah and must act in a manner that seeks forgiveness from Him. The principle of responsibility in a barbershop encompasses various aspects to ensure that the services provided meet high standards and are beneficial to customers, staff, and the community. Key elements of this principle in the barbershop include:

- Responsibility for service quality
- Responsibility towards customers
- Responsibility for cleanliness and health
- Responsibility for safety
- Responsibility towards employees
- Social and environmental responsibility

By adhering to these principles, Wisma Barbershop will build a strong reputation, enhance customer loyalty, and create a healthy and productive work environment. This approach will also support ethical and responsible business operations.

#### **5. Principles of Virtue and Honesty**

The principles of kindness and honesty are core values crucial to many aspects of life. Virtue refers to behaviors or actions that contribute to goodness, well-being, and benefit both others and oneself. These include qualities such as compassion, care, and concern for others. In the workplace, virtues are reflected in positive collaboration, support for coworkers, and the creation of an inclusive environment. Honesty, on the other hand, involves acting and speaking based on truth and justice, including openness, transparency, and sincerity in behavior. In a work setting, honesty is demonstrated through accurate reporting and transparent business processes. These two principles are interrelated and support each other. Without honesty, virtue cannot be fully realized, while benevolence reinforces the importance of honesty in building healthy relationships and a harmonious society. By implementing the principles of kindness and honesty in everyday life, individuals and society can achieve greater harmony, prosperity, and trust. The principle of honesty in the Barbershop includes transportation and integration in all operational aspects, both in relationships with customers and with staff. The following are several important elements of the principle of honesty in Barbershop: transparency in prices, honesty and consultation, transparency in product use, integration in service, honesty in waiting times and appointments, professional ethics.

### **CONCLUSIONS**

The results of this research show that the use of Islamic business values in barbershops not only creates professional service, but also creates affective relationships with customers. These findings have the potential to increase customer satisfaction, which is important for

the long-term growth and success of your business. By using Islamic business practices, hairdressers can create an emotional connection with their customers. This means that the barber shop has succeeded in fostering deep relationships with customers beyond simple business transactions. The use of ethical values such as equality of belief, the value of justice, the value of freedom, the value of responsibility, the value of goodness and truth. This lays the foundation for creating experiences that not only meet customers' needs but also encompass their emotional and psychological states. In this context, customer satisfaction is not about sophisticated facilities or products, but about individual recognition. Barbershop is not just a place to get quality service, but a community that empowers and cares for its customers. Effective application of the principles of Islamic business ethics creates an atmosphere that fosters deep and meaningful relationships, not just a place for transactions.

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