

Application of Islamic Management Ethics in Business Decision Making

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Abstract. This study aims to explore the application of Islamic management ethics in business decision making. In an increasingly complex global context, ethics is becoming an important aspect of running a sustainable and responsible business. Islamic management ethics offers a unique framework, based on the principles of the Qur'an and Sunnah, that can guide business leaders in making fair and transparent decisions. This study uses a qualitative approach with in-depth interviews with Muslim business practitioners and case study analysis of companies that apply Islamic management ethics. The results show that the implementation of Islamic ethical principles, such as fairness, social responsibility, and transparency, not only improves the company's reputation but also creates a positive and productive work environment. Through this research, it is hoped that it can provide new insights into the importance of integrating ethical values in business strategy and encourage companies to consider ethical perspectives in every decision taken. This research also invites academics and practitioners to further explore the relationship between Islamic management ethics and modern business practices, and their impact on the sustainability of companies in the era of globalization.

Keywords: ethics, islamic management, decision making

1. INTRODUCTION

In the era of rapid globalization, the business world faces various complex and dynamic challenges. Intense competition, technological changes, and public demands for corporate social responsibility are important factors that must be considered in making business decisions. In this context, the application of Islamic management ethics is becoming increasingly relevant. Islamic management ethics not only focuses on compliance with laws and regulations, but also emphasizes moral and spiritual values that can guide decision-makers in conducting business fairly and responsibly [1].

Islamic management ethics is rooted in the basic principles of Islamic teachings, such as justice (al-adl), honesty (as-sidq), and responsibility (amanah). In the Qur'an and Hadith, there are many instructions that govern individual and collective behavior in the context of business [2]. For example, the concept of halal and haram provides clear guidance on what is allowed and what is not in economic activity. In addition, the principle of *maslahah* or public good is an important foundation in making decisions that not only benefit individuals or companies, but also the wider community" [3].

The application of Islamic management ethics in business decision-making also contributes to the establishment of a positive image of the company in the eyes of the public. In the midst of increasing public awareness of social and environmental issues, companies that apply ethical principles will more easily gain the trust of consumers and other stakeholders [4]. This can have a direct impact on long-term business sustainability. Thus, understanding and implementing Islamic management ethics is not only a moral obligation, but also a smart business strategy.

However, although the importance of Islamic management ethics has been recognized by many, there are still challenges in its implementation in the field. Many companies are trapped in unethical business practices for the sake of pursuing short-term profits [5]. Therefore, this study aims to explore how the application of Islamic management ethics can be integrated in everyday business decision-making. It will also identify the factors that influence the success of such ethical implementation as well as its impact on company performance" [6].

In the context of Indonesia, where the majority of the population is Muslim, the application of Islamic management ethics has great potential to improve business performance while providing a positive impact on society. Various studies show that companies that apply ethical values tend to have better financial performance than those that do not. This suggests that ethics is not just a moral norm but can also be a key driver for business success [7].

As part of this research, it is important to analyze various real cases where the application of Islamic management ethics has successfully improved company performance. By understanding the best practices of these companies, it is hoped that a model or framework can be found that can help other companies in implementing Islamic management ethics effectively. In addition, this research also aims to provide recommendations for business leaders and decision makers to better understand the importance of ethics in running their businesses [8].

Through this research, it is hoped that practical solutions can be found that can be applied by businesses to integrate ethical values into every aspect of their decision-making. Thus, the application of Islamic management ethics will not only bring benefits to the company itself but also to the wider community as a whole. This research is expected to contribute to the development of science in the field of management as well as more ethical and responsible business practices [9].

Therefore, the application of Islamic management ethics is not an option but a necessity in the modern business world. By integrating ethical values into every aspect of decision-making, companies will not only achieve financial success but also contribute to the overall well-being of society. This research is expected to provide new insights and encourage further discussion on the importance of ethics in business management in the current era of globalization.

2. METHODOLOGY

This research uses normative juridical and empirical juridical approaches. This research falls into the category of descriptive research, which aims to explore the application of Islamic management ethics in business decision-making in various industrial sectors. This research will identify the principles of Islamic management ethics that can be integrated in the decision-making process as well as its impact on organizational performance. In addition, this study will also analyze the challenges faced by companies in implementing Islamic management ethics and strategies to overcome them. The researcher will review various relevant literature, and other official documents related to Islamic management ethics in business decision-making in Indonesia. This methodology is designed to ensure that the research proceeds systematically and provides valid and relevant results [10].

3. RESULTS AND DISCUSSION

The results show that the application of Islamic management ethics in business decision-making brings many benefits to companies, employees, consumers and the wider community. By prioritizing values such as justice, trustworthiness, honesty and *maslahah*, companies can create a harmonious work environment while improving their reputation in the market.

The application of Islamic management ethics in business decision-making is based on several key principles. First, justice (*adl*) emphasizes the importance of fair treatment of all parties involved, including employees, customers and other stakeholders. This justice includes aspects of equal distribution of resources and opportunities. Second, trustworthiness underscores the responsibility of managers to maintain the trust given by stakeholders. In this context, business decisions must be taken by considering the impact on all parties and not solely for personal gain or certain groups [11]. Third, integrity is an important aspect of decision-making. Managers must adhere to high moral principles and not be swayed by pressure to take unethical actions. This integrity creates a positive corporate culture and enhances the reputation in the eyes of the public [12].

The implementation of Islamic management ethics can be done through several strategic steps. First, the company needs to build a vision and mission that reflect Islamic values [13]. This will guide every decision taken. For example, the company can set a goal to not only make money but also generate social benefits [14].

Secondly, it is crucial for employees to receive ethics training to ensure that everyone understands and internalizes Islamic management ethics. This training can include discussions on ethical issues that may be encountered in the workplace as well as case studies on how to make decisions that are in line with Islamic values [15]. Third, companies should have a strong internal control system to ensure that decisions made are in line with ethical standards. This could include regular audits or a reporting system where employees can report ethical violations without fear of being penalized.

The application of Islamic management ethical principles in business decision-making can be done through the following steps:

- a. **Situation Analysis:** Before making a decision, it is important to conduct an in-depth analysis of the situation at hand. This includes identification of the problem, the stakeholders involved, as well as the potential impact of the decision.
- b. **Ethical Considerations:** After the situation analysis, leaders should consider the ethical aspects of various decision alternatives. This includes evaluating whether the decision is in line with the principles of fairness, honesty, responsibility, and the common good.

- c. Consultation: In the Islamic tradition, deliberation (shura) is highly encouraged. Involving a team or stakeholders in the decision-making process can help gain a broader perspective and reduce personal biases.
- d. Implementation and Evaluation: Once a decision has been made, it is important to implement the steps responsibly. In addition, an evaluation of the outcome of the decision should be conducted to ensure that the ethical objectives are achieved.

The application of Islamic management ethics in business decision-making has a huge impact. Businesses that apply these principles tend to have a better reputation in the eyes of society. Fairness and transparency in decision-making increase the trust of customers and other stakeholders. In addition, the application of ethics in the workplace can increase employee loyalty. When employees feel that they work in a fair and transparent workplace, they are more likely to maintain their commitment. And companies that implement Islamic management ethics can achieve long-term sustainability and improve employee productivity and retention. By considering the social and environmental consequences of business decisions, companies can avoid legal and reputational risks and help society progress.

Despite the many benefits, this study also found some challenges in the application of Islamic management ethics. One of the main challenges is the lack of in-depth understanding of Shariah principles among business people. Many managers or company leaders still think that these principles are difficult to apply in the competitive modern business world. In addition, market pressures often tempt companies to cut corners in order to achieve profit targets. For example, some companies face a dilemma between adhering to Shariah principles or following common market practices such as giving bribes to win certain projects. However, these challenges can be overcome through education and training on Islamic management ethics and a strong commitment from company leaders to uphold religious values in every aspect of their business.

The application of Islamic management ethics in business decision-making is not only a moral choice but also a smart strategy to achieve long-term success. By understanding and applying the principles of fairness, honesty, responsibility and the common good, business leaders can make decisions that are not only financially beneficial but also beneficial to society at large. While there are challenges in implementation, a commitment to these values will bring positive impacts to the company and the surrounding environment.

In today's era of globalization and intense competition, integrity and commitment to ethical principles will be the key differentiators for companies that want to survive and thrive in the future. Therefore, it is important for every individual in the business world to continue to learn and apply the values of Islamic management ethics as part of their organizational culture in order to create a better and more sustainable business world.

4. CONCLUSION

- a. In the modern business world, applying Islamic management ethics in the business decision-making process is a very relevant and important approach. Research shows that incorporating Islamic values such as fairness, trustworthiness, honesty and social care provides a strong moral foundation and helps companies thrive and survive.
- b. By using the principle of deliberation in decision-making, companies can create a more transparent and inclusive work environment. This increases consumer trust and employee loyalty, which benefits the company's overall performance. Overall, implementing Islamic management ethics is both a moral obligation and a profitable business strategy. Companies can achieve success and improve society by incorporating ethics into every aspect of long-term decision-making.
- c. This research shows that using Islamic management ethics when making business decisions can help companies, employees, consumers and society as a whole. Companies can improve their reputation in the market by creating a harmonious work environment by prioritizing principles such as justice, trustworthiness, honesty, and *maslahah*.

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