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Run The Business in Islamic Guidance: A Phenomenological Study on the Koperasi Syirkah Berkah Bersama (KSBB)

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Abstract

The Quran and Sunnah are the main guidelines for Muslims to live their lives, more than that the Quran and Sunnah are also guidelines for all aspects of life; purification, worship, way of thinking, politics, to do business. Research that uses phenomenology as the main approach of this research makes the Syirkah Berkah Bersama Cooperative as its research object, researchers find that ethics and morals in the management of KSBB, are not only carried out as individual internal values but also become business practices and ways of acting management in their business.

Keywords: Business Ethics, Sharia, Quran, Sunnah, Phenomenology, Finance

1. Introduction

Many thinkers in the late 19th to early 20th centuries (Karl Marx (1970), Emile Durkheim (1912), and Max Weber (1980)) have speculated about the decline of the role of religion as a social force along with increasing secularization, especially in industrialized societies and advanced economies (Buren et al, 2020). In many scientific studies, especially in the fields of management and technology, the importance of religion has not been adequately reflected (Buren et al, 2020). Religion has generally been ignored or even seen as a taboo subject in research and organizational management practice (Buren et al, 2020), however, as a source of moral norms and beliefs, religion has historically played an important role in most societies and continues to remain relevant. in almost every society (Buren, et al 2020). The opinion of Buren et al (2020) regarding religion as a source of morals and norms is like a representation of some emerging research, as stated by Kavas et al (2020) that religion provides a dominant system of meaning that plays a key role in business activities through three mechanisms : (1) internalization of religious practices as business practices; (2) the family adheres to religious values as the rationale for business actions; and (3) religious values make doing evil business a taboo thing to do. The thinking of Kavas et al (2020) is in line with Carswell & Rolland (2007) who argues that the value system in Islamic society is based on two dimensions: Values about the relationship between humans and God and values that have coherence with society, this will then form a mechanism and business norms that represent their religious values. Furthermore, ethical values and normative truth in religious values in some positivism research show a positive relationship, Basheer et al (2019) stated that benevolence and sincerity have a significant positive relationship with the performance of Islamic banks.

Regarding the relationship between religiosity and how to manage a business, Fathallah, Sidani, and Khalil's (2020) has an opinion that is in line with some of the research above, in his study of 13 Lebanese family companies, six of them being run by Muslims, and seven of them operated by Christian families, he found how does religious logic interacts with common logic, when family firms face ethical dilemmas, Fathallah et all (2020) argue that religious values can be interpreted differently when conflicts within common logic and 'religious logic' happens, the data shows that different religious values and principles influence decision making, so far Muslim family companies tend to apply rule-based,

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whereas Christian family companies support a principle-based approach to decision making. These studies show that religion has a central role in building a framework for thinking and decision-making in business, more than just normative values, but these studies did not further discuss how religion has a role in the practical construction of a business, how These religious values are institutionalized in business and become a central part of a business's operations. Therefore the research in this article will discuss this matter, how Islamic values and rules within this religion can become part of business operations.

2. Literature Review

Islamic Ethics

Business morality in Islam is the morality of the Quran and Sunnah, namely moral values based on the Quran and Sunnah (sayings and habits practiced by Muhammad PBUH). As said by Ahmad (2009), that Islam is a complete way of life. It provides guidance for all activities be it individual, social, material and moral, legal and cultural, economic and political and national or international. Islam invites people to enter into the bosom of Islam without any doubts and to follow Allah's guidance in all areas of life. The Qur'an and the teachings of the Prophet provide guidance on various ethical norms that must be followed, namely in various social contracts, whether related to the family, in gender equality, between individuals, neighbors, friends, relatives, in business transactions, public and private life, the chastity of women, security of life and property, protection of honor, sanctity of property, bodies, and rules regarding declarations of war. (Abul A'ala Maudodi, 1999).

Rasulullah Muhammad salallahu wa alaihi wassalam said "I have been sent to improve morals."

In the Qur'an, Allah says "Indeed, the Messenger of Allah had a very good role model" (letter no. 33, verse no. 21.)

Rasulullah Muhammad salallahu wa alaihi wassalam said "the best among you is the one whose character is the best"

The Prophet Muhammad salallahu wa alaihi wassalam said "There will come a time for people when they will not discriminate between what they get legally or unlawfully" (Bukhari, 1941).

Rasulullah Muhammad salallahu wa alaihi wassalam said "Honest traders will be rewarded on the Day of Resurrection with the prophets, pious people and martyrs" (Tirmidhi, 1130.)

Honesty in doing business does not mean that the seller always swears by the name of Allah for his transaction if he does it he makes a mistake (Ahmad 14982)

Rasulullah Muhammad salallahu wa alaihi wassalam said "He who deceives us is not from us" (Muslim). "Have haste in doing good." (Muslim)."

Hashim (2012) formulated at least thirteen moral values in business that have been conveyed in the Al-Quran and Hadith;

1. Trust

2. Legitimate resources on acquiring property.
3. Order to expenditure
4. Zakat
5. Parsimony (thriftiness) or economic order.
6. Lawful earnings
7. Honesty in business dealings.
8. Bounty and humanity in business contacts.
9. Satisfying all business obligations.
10. Reasonable handling of staff.
11. Mutual esteem.
12. Clear business transactions.
13. Purchasing, and buying justly.

Muamalah

Activities among humans (muamalah) in the economic field according to Sharia must fulfill certain principles, called *rukun* in the islamic etymology and conditions. *Rukun* or the principles are something that must exist and become the basis for something to happen, those are the the reason to be the primary of legitimacy. Besides that, conditions constrain to be fulfilled or everything whose existence is a complement to the principles. Transaction objects according to Sharia include goods (maal) or services, the object of the transaction can be divided into:

1. An object that is certain, the object whose existence is clear or its benefits can be immediately obtained. Usually called real assets and in the form of goods or services.
2. Objects that are still liabilities, objects that arise as a result of a non-cash transaction. Usually called financial assets and can be in the form of money or securities.

There are many types of transactions in economic activity, where we carry out these economic activities every day in the context of muamalah or social relations related to transactions between one person and another. Of course there are several types of transactions in Islam that are lawful so that we can benefit and please Allah in carrying out these economic activities (Dina Mardiyah: 2015). These transactions include (Antonio, 2007):

1. Musyarakah

Musyarakah is a cooperation contract between two or more parties for a particular business, musyarakah, each party involved must participate in funds or assets for the business on condition that profits are shared based on agreement while risks are based on agreement. part of the donation.

2. Mudharabah

Mudharabah is a business cooperation agreement between two parties with two different roles, the first party (fund owner) provides all the funds for the business, called Shahibul Mal, while the second party (fund manager) acts as manager, called mudharib. and the business profit is shared between them according to the agreement, the financial loss is borne only by the fund manager. There are many principles of mudharabah contracts in Islamic banking.

3. Ijara

Is an agreement to transfer the use rights (benefits) of an item or service within a certain time with the payment of a fee (ujrah), without being followed by a transfer of ownership of the goods. Most of the ijarah activities in Islamic banking are carried out as a service to customers, such as by leasing deposits (safe deposit boxes) and

document administration services (custodians), in which case the bank receives a rental fee from these services. Leasing (Leasing) implements this ijarah contract.

4. Wadiah

The application of the wadiah principle that is carried out is wadiah yad dhamanah which is applied to current account product partners. In contrast to wadiah amanah, where the party being deposited (bank) is responsible for the integrity of the deposited property so that it can utilize the deposited property, wadiah yad dhamanah gives permission to utilize the deposit, while the risks are fully borne. by a trusted party (bank). Wadiah contracts are widely applied in Islamic banking as deposit contracts.

5. Rahn

Rahn is described as the delivery of goods by the muqtaridh (debtor) as collateral for the debt he has received. Thus the debtor gets a guarantee to take back all or part of his receivables if the debtor is unable to pay his debts. This contract principle is applied in Sharia Pawnshops.

6. Wakalah

Wakalah is a contract of handing over power from a power giver to an attorney (representative) on behalf of the muwakkil (who gives power). These contracts are used on behalf of financial institutions to do business with third parties, as banks are not licensed to do business except to collect and distribute funds. This contract principle is almost used or required in the operation of all types of Islamic financial institutions.

7. Bai'

Is a contract of sale and purchase, namely the exchange of assets with other assets in a manner determined by syara'. The bai' contract can be used as a means to own goods or the benefits of an item forever. The bai' contract has several forms, including:

- a. Murabaha,
- b. Regards,
- c. Istisna'

3. Research Methodology

Research data

This study is aimed at exploring how management interprets sharia in the Quran and Sunnah and implements it as a business process in the Syirkah Berkah Bersama Sharia Cooperative. Because of this ontological goal, this research was conducted with an interpretive paradigm and used a qualitative approach in the form of a transcendental phenomenological study from Husserl to managers and implementers in the management of the Syirkah Berkah Bersama Cooperative. Data collection in this study was carried out by in-depth interviews with informants and as a validation tool the authors used method triangulation, while triangulation was time triangulation because the data validity method was in accordance with the needs of this study. The data validity process through triangulation has been carried out,

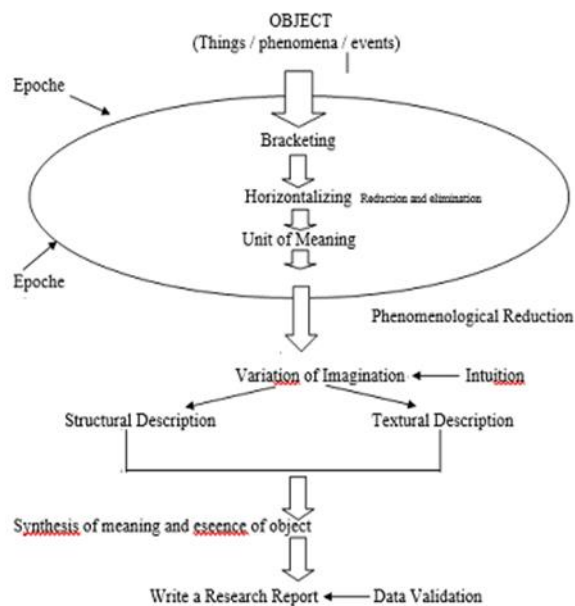
Triangulation of Time and Resources; The researcher has conducted a preliminary study by asking the same thing to different staff and at different times, which was then confirmed again with the same question at different times and sources.

Space Triangulation; Researchers have observed how research subjects run their businesses, it appears that during data collection the research sources actively carried out their prayers on time; do not mix with non-mahrams; and conduct weekly reviews

Analysis Tools

In order to make it easier to understand how the process of analyzing the research object, the following phenomenological approach will be translated to run the business model:

Fig. 1: Phenomenological Framework Analysis.



Source: Kuswarno (2009) Communication Research Method: Phenomenology, Conceptions, Guidelines and Examples of Research

Analysis Tools

The stages of data analysis from Husserl as quoted from

Kuswanro (2009):

A. Epoche

With epoche we will eliminate our prejudgments, biases and judgments about an object. Moustakas (1994) in Hasbianysah (2008) argues that in the epoche, everyday understanding, judgment and knowledge were set aside, and these phenomena were presented and revised fresh, as in an open sense. All that relates to others, such as perceptions, choices, judgments, and other feelings must be put aside in this epoch. It is only our perception and awareness of action that is the point of finding meaning.

B. Phenomenological Reduction

Reduction will lead us to how we experience something. Bring back the initial judgment and return to its natural state. The purpose of this phenomenological reduction is to obtain the phenomenon in its purest form (Hasbianysah, 2008). In the process the essence of the phenomenon has been obtained when the researcher is satisfied with the results obtained in his observations (Kuswarno, 2009).

C. Imagination Variations

The task of variation of imagination is to search for possible meanings by making use of imagination, frames of reference, separation and reversal, and integration of phenomena from different viewpoints, positions, roles and functions. The goal is nothing but to achieve a structural description of experience.

D. Synthesis of Meaning and Essence

The final stage in phenomenological research is the intuitive integration of the basic structural and textural descriptions into statements that describe the nature of the phenomenon as a whole. Thus, this stage is the stage of forcing knowledge. The essential meaning is never fully revealed. The synthesis of textures and fundamental structures will represent these essences in a given time and place from an imaginative point of view and one's reflective study of phenomena.

4. Discussion

The Syirkah Berkah Bersama Syariah Cooperative is a business entity that originated from the Indonesian Muslim Entrepreneur Community based on East Java, which then had the initiative to build an economic movement based on

sharia, on May 24 2019 the Syirkah Berkah Bersama Syariah Cooperative then operated with the aim of providing a solution for the financing community that is free of riba and in accordance with the Shari'a. The author himself in this case is one of the participants who took part in studies of the Indonesian Muslim Entrepreneur Community before this community ran a business in the form of a cooperative.

Mifta and Nanda are the two main sources who are the object of research, they are both management from KSBB, with Mifta as the Operational Staff and Nanda as the Manager.

Mifta

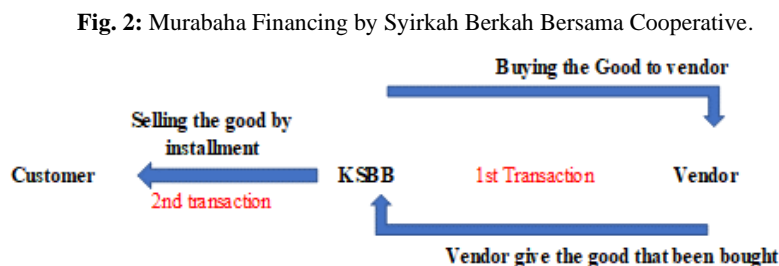
Researcher: When I come to KSBB and register to become a member, what is the contract to be conducted?

Mifta: "You will be tied by The *mudharabah mutlaqah* contract, because when the investor deposits money at KSBB, the funds will absolutely be processed by KSBB to be allocated anywhere without exception, for business units, for credit financing, and also for working capital. The percentage of profit sharing for members is 10%. Previously it was 7% but revised to 10%.

Researcher: For murabaha contract, as an example a motorbike is 10 million, the duration of financing is 2 years, then how technically does KSBB enter into a contract with them?

Mifta: "So before that, we will ask about the agreement with the vendor, if there is already one, we will refer to his recommendation, if there is no recommendation, we will provide a reference. So KSBB is the one who spends, after that, we inform and make an agreement for the implementation of the contract. And we make agreements and price offers and adjust the numbers, each year the nominations offering are different. And There is no addition charge if the consumer were late on payment. But the offering price was difference, affected by the time period.. In KSBB, the down payment is the first installment (after the goods are received) so the down payment reduces the installments."

Here is an illustration



Sources: Author

Researcher: Does KSBB have its own unit business exclude their Islamic financing business?

Mifta: "There are two, namely *Aqiqoh* and the *Pentol* (it is a snack made from flour) Business, and they only deposit finances, for the issue of discussing policies there is no discussion with members, only with the management.

Researcher: Do all the funds in this *mudharabah mutlaqah* run into this real business or not? Whole or just part of it?

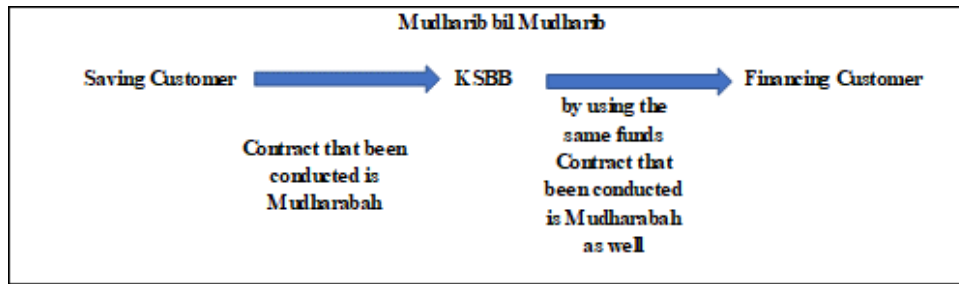
Mifta: "Yes it does but only partially because it is also included in other circulations such as murabaha and

mudarobah (capital)."

Researcher: There is an opinion from the scholars that *mudharib bil mudharib* is forbidden, what do you think?

Mifta: "For this matter, we have consulted with our Syariah Council and he said that this is permissible. Our position here is an intermediaries, only from these funds we also get results, because apart from being a fundraiser we also sometimes fill investment slots that are not sufficient. Another form of contract is *Mudarobah Muqoyadah* which is specifically for Project Segmented Capital Specifics.

Fig.3: Mudharib bil Muhdarib.



Source: Author

Nanda

Researcher: Has the item been purchased for each Murabaha contract?

Nanda: "Oh yes, for sure. When we conducted into a *Murabaha* financing contract, there was none, we only gave cash. If you see the car in front of there, we have already bought the car. So actually buy stuff first."

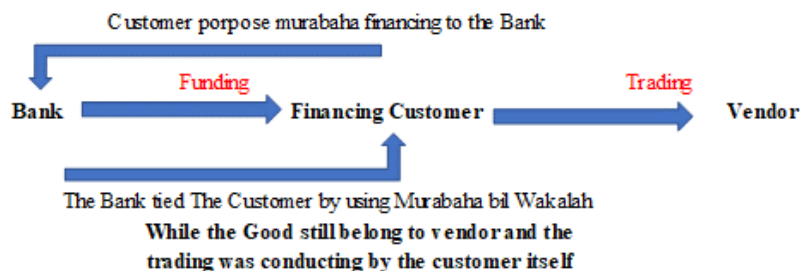
"What became confusing in banking's financing system, I used to be in banking, because the bank didn't really buy goods, he didn't pay taxes and other fees related to buying and selling."

Researcher: Is it permissible for a *Murabaha bil wakalah* contract or not?

Nanda: "Murabaha bil wakalah is permissible if it is a third party's wakalah, but if the party conducting the wakalah is

the same party as one as the same person that been conducted into the Murabaha contract, especially if the risk transfer of the funds or transactions represented is to the party in the contract, then it should not be allowed. For example, in the Islamic bank version, you want to buy a car by using a *Murabaha bil wakalah* contract with an Islamic bank, then in the middle of the road the money is lost due to theft, then the risk of the money is your responsibility, even though the sale and purchase transaction has not occurred and the money is also not your money, but the risk of money has moved. If it were us, we would not do this. So the difference between us and Islamic banks is that we really become so that our business operations comply with Shariah."

Fig.4: Murabaha Financing by Common Shariah Bank.



source; Author

"There are differences of opinion in fiqh, in Indonesia, according to several ustadz whom we made references to, such as ustadz Amni Nur Baitis and Ustadz Ma'ruf who became our guides at KSBB, Indonesia often makes simplistic propositions. In fact, what's so hard about buying the goods yourself, then selling them without needing to be represented?"

Researcher: I have read several literatures about entrusted goods, especially regarding mudharabah, there is a story about Umar's son who was entrusted with goods, then in the middle of the road the goods were traded so that they made a profit. When Umar was asked for his opinion on this matter, Umar said that the profit must be divided, as if there is a loss they have to return it, so from there we can conclude that it is permissible to use goods entrusted?

Nanda: "Regarding this, we have confirmed to Ustadz Ma'ruf, that the initial contract used in the transaction is actually a debt, not a deposit, therefore they are obliged to return it. If someone takes the item, it shouldn't be used. This has also become a polemic in Islamic banking. If it's a deposit, it can't be used. When they use the money, the contract turns into debt, if it's a debt, then it's not

permissible to provide profit sharing/addition to the savings customer, because additional debt is usury."

"That's why our savings/savings agreement uses a mudharabah mutlaqah contract. For things like this we are very careful?"

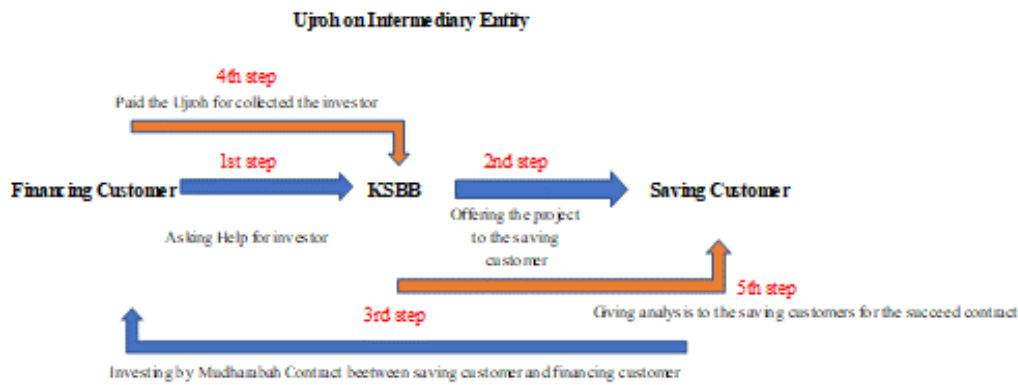
Researcher: Regarding the mudharabah contract, continuing yesterday's discussion with Mifta, he said that if *mudharabah*-based financing on KSBB uses a *mudharabah mutlaqah* contract, then if someone proposes business financing, then a *mudharabah muqayadah* contract will be used whose project will be offered to members and also KSBB can participate. So, my question is, when KSBB was involved in the financing, wasn't KSBB actually bound in a multilevel mudharabah, which in my understanding was banned by some salaf scholars?

Researcher: "Well, yes, that's the right question. This is also our concern, after we discussed with ustadz ma'ruf such mudharabah muqayadah contract products (see figure 3) we will remove them, later we will only act as intermediaries for investors seeking funds or venture capital, so we can only ujroh (fee), while those with mudharabah agreements are cooperative members and

entrepreneurs who need capital, apart from that in these transactions which require analysts, we will also accept

ujroh (fee) as an analysis team for the members involved in the contract.

Fig. 5: Ujroh Contract as an Intermediary Entity.



source; Author

Analysis Phenomenology

Based on the data that has been obtained from the informants, we can analyze it as follows;

Informant	Noema	Epoche	Noesis	Intentional Analysis	Editic Reduction
Mifta	Every transaction made in KSB is always bound by a contract that is in accordance with the business	How does the KSB business run according to Islamic ethics and law?	The contract that was carried out at KSB was in accordance with the advice of Ustadz Ma'rif as the sharia supervisor	Every new product that will be launched there is always a sharia consulting activity with the supervisor, making management have a strong attachment/commitment to always run a business within an Islamic framework of thinking and working	KSB as a business with a strong commitment to sharia states that all products made in the business must comply with sharia, this is reflected in the uniform understanding between staff and management.
Nanda	Nanda always evaluates the financial performance and sharia compliance for every product that is implemented within the KSB	How does the KSB business run according to Islamic ethics and law?	Every product that will be implemented always goes through a discussion process, especially from a sharia approach, Nanda admits that he does not want the business he leads to run his business with a mix of halal and haram, if there are limited knowledge faced by Nanda, he will consult and look for strong references and closest to the Quran and Sunnah	For Nanda, running a business according to Sharia is not only about compliance, but also about his commitment as a Muslim. It is impossible for him, to do something outside the limits set by Allah and His Messenger, even though financial benefits will be easier to get if he ignores these demands.	KSB as a business with a strong commitment to sharia states that all products made in the business must comply with sharia, this is reflected in the uniform understanding between staff and management.

From the results of this data processing it can be understood that KSB management always maintains the business should comply to the Sharia, financial profit is the second goal to achieve, the main thing is how the business in the company can be an alternative as well as an inspiration for other businesses, to be able to run The business accordance with the guidance of the Quran and Sunnah.

The Quran and Sunnah which are the main basis for doing business are reflected in the habits of the staff at KSB who always pray when there is a call to prayer, seperating the room for men and women, always seek references to the opinions of scholars before starting a new product/business, always evaluate the business according to Sharia or yet, they don't even hesitate to close down

business models that are no longer in accordance with Sharia. From all this it can be understood that the highest morality for KSB management is the morality of the Quran and Sunnah. This is in line with Hashim (2012) who formulated at least thirteen moral values in business which have been conveyed in the Al-Quran and Hadith; 1. Trust; 2. Legitimate resources on acquiring property; 3. Orders for expenditure; 4. Zakat; 5. Parsimony (thriftiness) or economic order.; 6. Legal earnings; 7. Honesty in business dealings.; 8. Bounty and humanity in business contacts. ;9. Satisfying all business obligations. ;10. Reasonable handling of staff.; 11. Mutual esteem.; 12. Clear business transactions.

5. Conclusion

For the management of the Syirkah Berkah Bersama Syariah Cooperative, the highest morality in business is the Quran and sunnah, so good business ethics does not only speak in a normative context about the values a business should run, but rather how practices, business models, ways of thinking, and Habits in daily work must be in accordance with the guidelines of the Quran and Sunnah, Islamic business ethics in the context of KSBB is more about the way of life, a commitment to live life under the auspices of the Quran and Sunnah.

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