

CHARACTERISTICS OF SHARIA-BASED ENTREPRENEURS IN MANAGING MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMES)

Fahrul Hidayat¹
Sukriyadin Zebua²
Diyah Pertywi Setyawati³
Lia Nuraliah⁴
Imam Sugianto⁵
Gina Malia Putri⁶

¹²³⁴⁵⁶ STAI Nida El Adabi, Indonesia
Email: fahrulhidayat@stainidaeladabi.ac.id

Article history

Received date : 11-9-2024
Revised date : 12-9-2024
Accepted date : 28-11-2024
Published date : 31-12-2024

To cite this document:

Hidayat, F., Zebua, S., Setyawati, D. P., Nuraliah, L., Sugianto, I., & Gina Malia Putri (2024). Characteristics of sharia-based entrepreneurs in managing Micro, Small, And Medium Enterprises (MSMES). *Journal of Islamic, Social, Economics and Development (JISED)*, 9 (68), 339-345.

Abstract: *This study is grounded in the necessity for MSME actors to manage and develop their businesses professionally in accordance with Islamic economic principles, thereby avoiding a capitalist sales system. The application of Sharia economic principles in society is currently of critical importance. However, many MSME actors lack sufficient understanding of Sharia-based muamalah principles. The author concludes that Allah SWT explicitly prohibits Muslims from engaging in economic activities that contain forbidden elements such as usury (riba), gambling (maysir), uncertainty (gharar), and similar practices, whether in business development or other economic activities. The study aims to analyze the characteristics of Sharia entrepreneurs in MSMEs. The research employs fieldwork with a descriptive qualitative approach, utilizing observation, interviews, and documentation techniques. The findings reveal that the implementation of Sharia economic principles by MSME actors in trading activities includes upholding honesty, fairness, transparency, and providing accurate information to customers. The key aspect for every individual in trade is to conduct their work in accordance with Islamic principles. These practices foster a conducive market environment, enhance service quality, and maintain business order. Consequently, MSMEs can sustain growth and development, serving as an expression of piety to Allah SWT by fostering ethical and blessed economic activities.*

Keywords: *Sharia Entrepreneurs; Islamic Economic Principles, Micro Small and Medium Enterprises (MSMEs); Honesty; Business Ethics; Islamic Business Management.*

Background

Entrepreneurs frequently encounter numerous uncertainties, making resilience and the ability to quickly overcome challenges a crucial advantage for businesses (Markman & Baron., 2003). Resilient entrepreneurs are capable of exploring and leveraging opportunities, as unforeseen events enable them to adapt and benefit from new situations.

Schumpeter & Clemence, as cited by (Shavab, 2021), define entrepreneurship as an innovative activity aimed at seizing business opportunities. Chowdhury, as quoted by (Febrianty, 2020), describes entrepreneurship as the application of skills and innovation by individuals who take the initiative to engage in productive efforts to achieve their goals. Entrepreneurs are those who initiate their ventures. According to Machmud et al., as cited by (Bairizki, 2021), entrepreneurs are individuals equipped with the ability and mentality to establish a business, either producing goods or providing services to generate profit.

Machmud et al., as referenced by Fasa (2020), explain that the foundation of Islamic-based entrepreneurship or Muslimpreneurship lies in taqwa (faith) and worship to Allah SWT. This foundation encompasses other key elements of Islamic entrepreneurship, including the concepts of halal, efficiency, noble values, honesty, prosperity, knowledge, and care for the community and the environment. Islamic entrepreneurship is deeply rooted in tauhid, which incorporates al-iman (faith), al-ilm (knowledge), and al-amal (righteous deeds and efforts) (Abdullah & Sahad., 2016).

In Islam, as Oukil explains (Athik Hidayatul Ummah, 2021), the characteristics of entrepreneurship are guided by principles outlined in the Quran and Hadith. Islamic entrepreneurship is inherently part of Islamic culture, as reflected in the characteristics of Prophet Muhammad and his companions.

Entrepreneurial traits can guide individuals in enhancing resilience (Ahmed & Ahmed., 2018). According to Kuckertz et al., as cited by (Sudirman, 2020), one of the factors contributing to business resilience is entrepreneurial characteristics that emphasize business sustainability through hard work, innovation, creativity, and customer orientation.

The characteristics of Islamic entrepreneurship include creativity, innovation, courage to face risks, resilience in the face of challenges, the ability to seize opportunities, and competitiveness. A key characteristic that defines Muslim entrepreneurs is noble ethics. Every entrepreneur should emulate Prophet Muhammad SAW as a role model in business. The characteristics of Muhammad that embody Islamic entrepreneurial traits include fathanah (intelligence, professionalism, innovation, and creativity), amanah (responsiveness and responsibility), tabligh (communicative), and siddiq (positive thinking and optimism) (Siswanto, 2016).

Johnson, Elliott, and Drake, as cited by (Marantika, 2020), assert that social capital fosters resilience by enhancing adaptability, flexibility, and collaboration. Through these means, resources are mobilized to proactively and reactively respond to challenges. Similarly, (Seville, 2015) argues that networks and resources available to businesses through their connections contribute to organizational resilience.

Sarif, as referenced by (Zuhri, 2019), elaborates that Islamic social capital enhances resilience by utilizing universal solidarity (ukhuwwah) through mutual cooperation among stakeholders in providing financial and non-financial capital to build business resilience for sustainable

performance. Islamic social capital and the resilience of small businesses are evident in formal and informal interactions and the sharing of knowledge and experiences through social capital.

The relationship between entrepreneurship and religion has been explored by many researchers. According to (Dodd & Gotsis., 2016), individual elements shaping the entrepreneurial belief matrix influence the entrepreneurial process. Reviewing literature from the past century, they define religion as a repository of values and a variable that explains entrepreneurship and innovation. Wiseman & Young, as quoted by (Siregar, 2021), observe that in the United States, regions with a larger proportion of individuals identifying as Christians score higher in productive entrepreneurship and lower in unproductive entrepreneurship.

Based on the aforementioned issues, the author aims to contribute improvements to the development of MSMEs by focusing research on the characteristics of sharia entrepreneurs in micro, small, and medium enterprises (MSMEs).

Research Methode

This research aims to analyze and describe the characteristics of sharia entrepreneurs in micro, small, and medium enterprises (MSMEs). The type of research employed is descriptive analysis. According to (Haris, 2023), descriptive analysis is an empirical examination that investigates a specific phenomenon or event within a real-life setting. The data for this study are collected from both primary and secondary sources.

The research adopts a qualitative approach. As stated by Bogdan and Taylor in (Arifudin, 2023), qualitative research is a procedure that produces descriptive data in the form of written or spoken words from observed individuals and behaviors. (Arifudin, 2022) explains that this process involves transcribing data, coding field notes, and interpreting the data to draw conclusions.

This study employs qualitative methods using field research. As (Kartika, 2020) notes, this approach aligns with the primary goal of the study, which is to describe and analyze the characteristics of sharia entrepreneurs in MSMEs. Using this method allows researchers to address the issues under investigation effectively (Kartika, 2023).

The accuracy of data collection techniques is vital for ensuring the scientific validity of research. The data collection techniques utilized in this study include observation, interviews, and documentation. Techniques are considered tools for executing technical tasks carefully and systematically, employing critical thinking to achieve objectives. Although research falls within the realm of science, it is conducted to collect data realistically and systematically to uncover truths. The research methodology serves as a means to address any problem. In this context, the researcher gathers information on the characteristics of sharia entrepreneurs in MSMEs from books, articles, journals, theses, dissertations, e-books, and other sources (Rusmana, 2020).

Given the need for library materials as data sources, this research also utilizes library research. Researchers rely on books, scientific articles, and other related literature in both printed and online formats to explore the topic and issues (Arifudin, 2020).

Accessing information from data sources requires the application of specific data collection techniques. Amir Hamzah in (Kartika, 2021) claims that data collection is an effort to gather information related to the subject being studied. The researcher employs library research to collect data, starting with libraries to obtain information from books, dictionaries, journals,

encyclopedias, papers, periodicals, and other sources that provide insights into the characteristics of sharia entrepreneurs in MSMEs.

Furthermore, Amir Hamzah in (Kartika, 2022) explains that data collection involves various efforts to gather facts related to the topic under investigation. These details are found in scientific literature, research, academic papers, dissertations, theses, and other written sources. (Arifudin, 2021) states that data collection can be carried out in different circumstances, using various sources and techniques.

Observation is a direct research process focusing on the phenomena being studied (Nasem, 2018). This method enables researchers to directly observe and experience the atmosphere and conditions of the research subjects (Arifudin, 2019). The observations in this study are centered on the characteristics of sharia entrepreneurs in MSMEs.

The interview technique employed is structured interviews, conducted using predefined guidelines. Questions are tailored to the information required and aim to uncover empirical data (Juhadi, 2020). Documentation is another data collection technique that involves examining written records and documents. The term "documentation" originates from the word "document," which refers to written materials. In this method, researchers analyze written items such as books, magazines, meeting minutes, and diaries. According to Moleong in (Ulfah, 2021), documentation is a way of gathering information or data through archival and document analysis. Documentation strategies are also used to collect data about the research subject, specifically the characteristics of sharia entrepreneurs in MSMEs.

According to Muhadjir in (Tanjung, 2020), data analysis involves systematically organizing and compiling findings through observations and interviews, allowing researchers to focus on their studies. The findings are then refined, classified, and presented as material for others.

Result and Discussion

In Islam, entrepreneurial activities must adhere to principles aligned with sharia, as Islam regards entrepreneurship as one of the most honorable ways to earn a livelihood. Therefore, all entrepreneurial activities should be conducted in the best possible manner, avoiding fraud, usury, deceit, and other unjust practices. A sharia entrepreneur is someone who emulates the practices of Rasulullah SAW.

Entrepreneurs are courageous individuals who take risks, seize opportunities, and demonstrate initiative through innovative and creative approaches to business development (Labetubun, 2021). Essentially, entrepreneurship in Islam shares many similarities with general entrepreneurship. However, due to the importance of business as a profession for Muslims, sharia entrepreneurship must be grounded in humanistic and religious values, placing religious considerations as the foundation of work. The characteristics of sharia entrepreneurs lie in their ethics, which distinguish them from other entrepreneurs. In conducting business, Rasulullah SAW exemplified integrity, extensive knowledge, and exceptional skills, along with traits such as honesty, creativity, bravery, self-confidence, tabligh, and istiqamah. Furthermore, the integrity of a sharia entrepreneur is reflected in traits like taqwa, tawakkal, honesty, remembrance of Allah, gratitude, trustworthiness, sincere intentions, worship in business activities, paying zakat, giving infaq and sadaqah, diligent worship, maintaining relationships, caring for the poor, tolerance, acknowledging mistakes, and repentance.

Rasulullah serves as the perfect example of a competent and religious entrepreneur. His success in business was largely influenced by his personality, with entrepreneurial success in Islam

being independent and rooted in personal integrity. The integrity of an entrepreneur is evident in their character traits.

According to Farma (2022), the application of sharia economic principles can be observed in the conformity of certain behaviors of MSMEs business actors with sharia principles:

1. Willingness to take risks: MSMEs entrepreneurs have implemented this principle by producing their goods or services in accordance with sharia guidelines. They avoid producing or marketing prohibited goods and services and are prepared to face risks, recognizing that no benefits or profits can be gained without risk.
2. Avoidance of hoarding: MSMEs entrepreneurs refrain from stockpiling goods to obtain large profits, and they strictly avoid engaging in exploitative production practices that result in injustice.
3. Prohibition of monopolies: Islam advocates a market mechanism based on perfect competition. To protect the rights of both buyers and sellers, Islam permits and even mandates government intervention to monitor market practices. Monopolies, duopolies, and oligopolies are permissible only if they do not result in excessive profits beyond normal levels. In practice, MSMEs entrepreneurs distribute their products competitively and fairly, avoiding harm to other business actors. In marketing, Islamic values as prescribed by Allah SWT must be upheld, such as honesty, transparency, and clear communication with customers.
4. Prohibition of usury (riba): This principle is evident as MSMEs entrepreneurs often prefer to borrow capital from family rather than conventional banks. Many entrepreneurs understand the prohibition of riba and favor family loans due to their simplicity compared to bank loans.
5. Thus, the implementation of sharia economic principles in MSMEs practices indicates that these entrepreneurs fulfill the criteria prescribed by Islam. In their business development, MSMEs actors refrain from hoarding, monopolies, usury, and other prohibited activities.

Conclusion and Recommendation

Based on the findings and discussion outlined, it can be concluded that the application of sharia economic principles in MSMEs, particularly among business actors in Bogor, serves as a means to enhance societal welfare. It also encourages individuals to further explore their potential and maintain their business outcomes to remain independent. The implementation of sharia economic principles in MSMEs practices includes conducting trade activities with values such as honesty, fairness, avoiding deceit, transparency, and providing truthful explanations to customers about the products being sold.

The most crucial aspect for all individuals engaged in commerce is conducting their work in alignment with Islamic principles. This approach fosters a conducive market environment, improves the quality of customer service, and enhances orderliness among business actors. Consequently, MSMEs businesses can sustain and grow, reflecting a form of devotion to Allah SWT that contributes to creating a just and ethical economy.

Recommendations based on the research findings include urging MSMEs actors to consistently adhere to sharia economic principles. These principles involve avoiding fraudulent practices, upholding honesty, abstaining from riba, and continuously innovating in product development. By doing so, MSMEs actors can improve their welfare, not solely for profit but also to earn the blessings of Allah SWT.

References

- Abdullah & Sahad. (2016). Integrated marketing communication: a spiritual and an ethical Islamic perspective. *International Journal of Islamic Marketing and Branding*, 1(4), 305–315. <https://doi.org/https://doi.org/10.1504/IJIMB.2016.081307>
- Ahmed & Ahmed. (2018). *Critical Factors of Entrepreneurial Competencies for Successfully Managing Micro and Small enterprise in Ethiopia*.
- Arifudin, O. (2019). Manajemen Sistem Penjaminan Mutu Internal (SPMI) Sebagai Upaya Meningkatkan Mutu Perguruan Tinggi. *MEA (Manajemen, Ekonomi, & Akuntansi)*, 3(1), 161–169. <https://doi.org/https://doi.org/10.31955/mea.v3i1.274>
- Arifudin, O. (2020). Pendampingan UMKM Dalam Meningkatkan Hasil Produksi Dan Hasil Penjualan Opak Makanan Khas Jawa Barat. *Jurnal Karya Abdi Masyarakat*, 4(2), 313–322.
- Arifudin, O. (2021). Pengaruh Kelas Sosial, Pengalaman dan Gaya Hidup terhadap Perilaku Penggunaan Kartu Kredit. *Jurnal Ilmiah MEA (Manajemen, Ekonomi, & Akuntansi)*, 5(1), 286–298.
- Arifudin, O. (2022). Teacher Personality Competence In Building The Character Of Students. *International Journal of Education and Digital Learning (IJEDL)*, 1(1), 5–12. <https://doi.org/https://doi.org/10.47353/ijedl.v1i1.3>
- Arifudin, O. (2023). Pendampingan Meningkatkan Kemampuan Mahasiswa Dalam Submit Jurnal Ilmiah Pada Open Journal System. *Jurnal Bakti Tahsinia*, 1(1), 50–58.
- Athik Hidayatul Ummah. (2021). *Komunikasi Korporat Teori Dan Praktis*. Bandung: Widina Media Utama.
- Bairizki, A. (2021). *Manajemen Perubahan*. Bandung : Widina Bhakti Persada.
- Dodd & Gotsis. (2016). The Interrelationships between Entrepreneurship and Religion. *Economics and Digital Business Review.*, 8(2), 93–104. <https://doi.org/10.5367/000000007780808066>
- Farma, J. (2022). Implementasi Prinsip Ekonomi Syariah Dalam Perilaku Usaha Mikro Kecil Dan Menengah (UMKM) Di Kota Banda Aceh. *Jurnal Ilmiah Mahasiswa Ekonomi Islam*, 4(2), 125–138.
- Fasa, I. (2020). *Eksistensi Bisnis Islami Di Era Revolusi Industri 4.0*. Bandung : Widina Bhakti Persada.
- Febrianty, F. (2020). *Kepemimpinan & Prilaku Organisasi Konsep Dan Perkembangan*. Bandung: Widina Bhakti Persada.
- Haris, I. (2023). Pengenalan Teknis Penggunaan Software Turnitin Dan Mendeley Dekstop Untuk Meningkatkan Kualitas Karya Ilmiah Mahasiswa Baru. *Journal Of Human And Education (JAHE)*, 3(2), 172–178.
- Juhadi, J. (2020). Pengaruh Sistem Pengendalian Internal Dan Audit Internal Terhadap Pelaksanaan Good Corporate Governance. *Jemasi: Jurnal Ekonomi Manajemen dan Akuntansi*, 16(2) 17-32. <https://doi.org/https://doi.org/10.35449/jemasi.v16i2.138>
- Kartika, I. (2020). Peran Guru Dalam Proses Pengembangan Kurikulum Pendidikan Agama Islam Di Sekolah Menengah Atas. *Jurnal Al-Amar: Ekonomi Syariah, Perbankan Syariah, Agama Islam, Manajemen Dan Pendidikan*, 1(1), 31–39.

- Kartika, I. (2021). Upaya Meningkatkan Mutu Pembelajaran Pendidikan Agama Islam Dengan Model Berbasis Aktivitas Terhadap Motivasi Belajar Siswa. *Jurnal Al-Amar: Ekonomi Syariah, Perbankan Syariah, Agama Islam, Manajemen Dan Pendidikan*, 2(1), 36–46.
- Kartika, I. (2022). Implementasi Manajemen Mutu Pembelajaran Sebagai Upaya Meningkatkan Mutu Pembelajaran Di Sekolah Dasar. *Jurnal Al-Amar: Ekonomi Syariah, Perbankan Syariah, Agama Islam, Manajemen Dan Pendidikan*, 3(2), 144–157.
- Kartika, I. (2023). Upaya Guru Dalam Meningkatkan Mutu Pembelajaran Pendidikan Agama Islam Di Sekolah Dasar. *Jurnal Al-Amar: Ekonomi Syariah, Perbankan Syariah, Agama Islam, Manajemen Dan Pendidikan*, 4(2), 147–160.
- Labetubun, M. A. H. (2021). *Sistem Ekonomi Indonesia*. Bandung : Widina Bhakti Persada.
- Marantika, N. (2020). *Manajemen Humas Sekolah*. Bandung : Widina Bhakti Persada.
- Markman & Baron. (2003). Person-entrepreneurship fit: Why some people are more successful as entrepreneurs than others. *Human Resource Management Review*, 13(2), 281–301. [https://doi.org/https://doi.org/10.1016/S1053-4822\(03\)00018-4](https://doi.org/https://doi.org/10.1016/S1053-4822(03)00018-4)
- Nasem, N. (2018). Pengaruh Pelatihan dan Motivasi terhadap Produktivitas Kerja Tenaga Kependidikan Stit Rakeyan Santang Karawang. *Jurnal Manajemen, Ekonomi Dan Akuntansi*, 2(3), 209–218.
- Rusmana, F. D. (2020). Pengaruh Gaya Kepemimpinan Transformasional Dan Transaksional Dengan Kinerja Karyawan BRI Syariah Subang. *Jurnal Makro Manajemen*, 5(2), 157–163.
- Seville. (2015). A Primer in Resiliency: Seven Principles for Managing the Unexpected. *Economics and Digital Business Review.*, 34(4), 6–18. <https://doi.org/https://doi.org/10.1002/JOE.21600>
- Shavab, F. A. (2021). *Dasar Manajemen & Kewirausahaan (Sebuah Tinjauan Teori Dan Praktis)*. Bandung : Widina Bhakti Persada.
- Siregar, R. T. (2021). *Komunikasi Organisasi*. Bandung : Widina Bhakti Persada.
- Siswanto. (2016). *The Power of Islamic Entrepreneurship : Energi Kewirausahaan Islami* . Amzah.
- Sudirman, A. (2020). *Prilaku konsumen dan perkembangannya di era digital*. Bandung: Widina Bhakti Persada.
- Tanjung, R. (2020). Analisis Pengaruh Penilaian Kinerja Dan Kompensasi Terhadap Produktivitas Kerja Pada PDAM Kabupaten Karawang. *Jurnal Ilmu Manajemen*, 10(1), 71–80. <https://doi.org/https://doi.org/10.32502/jimn.v10i1.2719>
- Ulfah, U. (2021). Implikasi Masyarakat Ekonomi Asean (MEA) Bagi Pemberdayaan Bimbingan Dan Konseling Dalam Mengembangkan Kompetensi Konselor. *Jurnal Tahsinia*, 2(1), 67–77. <https://doi.org/10.57171/jt.v2i1.293>
- Zuhri. (2019). *Kepemimpinan Wirausaha Era Disrupsi Digital*. Zuhri, A, 2019, KepeBunga Rampai Gubahan Akademisi Manajemen 2019.