

CHAPTER I

INTRODUCTION

A. Background

The sale and purchase activities are some necessary of all society as tools and infrastructure to fulfill in daily life. The one another place to buying and selling are in the market. Marketing environment influenced to develop a business, because sometimes changes, it can be efficacious and also provide an negative impact (Darmawati and Irawan, 2011). Business combined to Ethic, would give a badness or goodness in human life. Economic system could not be separated from various issues and constraint occur. Here so, it need to increase on the application of ethic. It happened based on facts of the case at 1980th, America discourse in a business ethics and finally expanding in all of the worlds. Social and economic life for the whole level of community plays an important role in the business.

The existences of a certain micro, small and medium enterprises are very important because since they have the main characteristics to increase the social welfare, particularly in regards to fulfill the staple necessary, unstaple necessary and also the absorption of employment. The businessman who is Muslim tried to get the profit and recognized to give the benefit not only for him but also to consumers (Irfangi, 2016). The business should always consider all things that can give the influences of accomplishment, here so, not having limitations, although when is seen narrow in a business purpose. The business is allowed in quite a long time, it's allowed in Islam since Islam was born. In a business application there is without the role but always appropriate the rule. Norm and limitations must concerned on a good and right for manage the business or some kind of micro small enterprises to orders the Prophet. Furthermore, business in Islam is also required to build a justice for all community, integrity in a business and free from

market distortion. The good characteristics of affection that has been given by God, is the most important things among all rules and value in Islam. therefore, it could be decrease the casually in a business to reach a purpose and the wishes of society.

Basically, human who want to own their material or money, in Islamic law that all transaction determined in accordance with Islamic principles, except a something prohibition in Islamic law. In the other site, the management and business control have good management on the market, competitive, finance, profit and also employment in order to reach the desired. Meantime, more people want to own a business. Wilson (2006) describe the main challenge to facing the ethical system is the application, Muslim were successful in applying their ethical system on the business through effective mechanism. One of the important factors in the business is the good and stability in a financial management market system, because if the financial or market system had a bad condition it would give negative influences to business. The activity or business entity it's already standard and structured. A business or Micro Small and Medium Enterprises (MSME) is one things that had become activities and the process who already happened in society or individuals. In the other site, business is the discipline of independence science for public or individual.

According to Rahardjo (2004) the business and ethic are two things which can not be regardless with there is no relation. If it happened, would be considered as a negative influences. Where business practices are a kind of activities which had the main idea that is to get the profit and in some kind of free competition. Have a difference, if ethics applied in the business world it is considered will give the influences and reach the goal of the business.

Therefore, indirectly business has featured in several moral problems who could be detrimental to a public and showing the new problem in an ethic issue. Part of the demands of ethics for a businessman to get a safety are revise rules and economic system using profession business ethic code with management raises.

Thus, the ethical is one thing that can indeed be combined and applied in a world business as soon as developing with known the problem and case in a business. In recently, the total of a food business in Yogyakarta is increase in time to time. The business have been advanced when the financial, marketing and labor are in good and stable condition. Each business almost has a different strategy to develop as to make the society or public interest and prefer go there. Usually, the business recognize the ethics and how to apply it in a business. Businessman and labor mostly work and serve the customer without giving a care. It will be a new problem for the development of the business.

In globalization era, many kinds of business and industry, raise on a competitiveness. Some people recognize that a businessman usually just consider about how to increase income and get a lot of profit without the care to customers. Logically in a business contact, a business has formulation is how to maximize profit and minimize the cost of production. Even though the step their use make another business collapse, they give encouragement to some entrepreneurs as a partner, because it will provide benefits for both parties. If a business loose trust from the customer it's prohibited since customers do not have desire to buy or purchasing power are decreased, and the total of income and profit decrease more. In reality, higher number of food business in Yogyakarta with a different strategy, made the business enforce to have competition in market. When a business decreasing prices, by give a discount rate, and a voucher to make the customer interest and to buy products, as a consequences other business keep standing to collect the customer, do deceitfulness and deception. In times, the business could be defeated in the competition. The business who involved dishonesty, deceitfulness and disenfranchised of customer that is a reason of business ethic get an attention with intensively. It occurs when manager or owner less understand regarding business ethic and put material as the importance.

In Islam, have literature concerning the rules and ethic of accumulation and wealth. Business in Islam also had a meaning as business activities such as production, consumption, and distribution. Infact, almost food business in

Yogyakarta have not enacted an ethical business through Islamic concept. Some business might use business ethic concept but less on Islamic value. Basically, Yogyakarta is a city with mostly Muslim. Many kinds of restaurant or cafe and street food are available for halal food, but there is not secure concerning the halal process and quality. Not only in process of production but the labor need to have a good condiality in Islamic ethic to each of serving the menu. The good condiality of the labor influence to marketing and environment. When the food business have a less condiability labor in services, it impact to the customer and had annoyed and not want to go there again. From the example before, we can know the problem occur happen when the labor, management, and the business itself have no Islamic value to apply.

Islamic value in a business ethic is a moral or norm who explain and determine the right and the wrong for a human life to be a better. Not only as a moral value but ethic as a set of moral principle with distinguishes about the series of a phenomena of business, therefore, it very important for a business. Ethics and organization activities are important and should be applied to improve behavior towards labor, management, and also the CEO or business owner. not only uniform but also universal. Thus, an Islamic business gets the position in interpretation of business which is generally formed human endeavor to get the Ridha Allah SWT. The business did not aim in shorts term, individual and none more than profit which based on a math calculation, but it has an aim in a long term and short term responsible for individual, society, country and Allah SWT.

There are many more regarding instruction from Prophet Muhammad SAW. However, in this research certainly describe four important parts to carried out using business ethic in Islam. Islamic business ethic not only improve the development of business but also influences to the human life. Business in Yogyakarta is vary and not only factories recently, who business applied the business ethic. Islamic concept applied in food business to make all of society interesting and give a good brand for a business. The good branding of a business give opportunity to development of business. Because the good branding of

business will affect the trust of customer and society. They believe that good business conduct and good in quality will give trust to the community.

The increasing of competitiveness on Micro, small and medium enterprises (MSME) especially halal food business make the business as always pay attention the quality, services, and the necessary of consument. The business always try to fulfill the expectation of consumers with giving a better on service through ethical business and recognize and applied several important internal factors on a business. Ethical business give the encourage for customer to make a good relationship between customer and business. In the long term it's influence to business performance. So a business it will be understood in detail about the behaviour toward customers and how to improve a business performance.

The main thing about a business is to give a best service to customer. Basically, the customers perception of ethical business conduct that is focused on free will, justice and responsibility. Because, customer also not only see the quality of product but also look for who has the best behaviour in providing service. It can make the customers feel comfortable. Therefore, a business should improve the performance of Micro Small and Medium Enterprises (MSME) with applying business ethic.

Each city or Regency had different problem, so the policy as the problem solving have also different. Therefore, policy, rules, and idea in each state create the problem itself or giving influences to the development of social and economy in the regency or city. Based on this research, it's discuss concerning how the Islamic business ethic and internal factors through influences toward the performance of food business in Yogyakarta through internal factors, include marketing, financial, and the owner who manage the business. The main reason focus in Islamic business ethics and internal factors is based on the observation this research, the implementation of Islamic business ethic it has several obstacle and creates something that can have an affect on product management and marketing, as well as affect the behaviour of the workforce and increase it's own

benefit. In the other site, the internal factor also can be influence to development business because food business or halal food business in Bantul, Yogyakarta for time to time it has increase so higher and sometimes decreasing significantly with.

Each business have a strategy or difference rules from the management and marketing, when the condition of business is good and stable, it give positive impact for the development of the business. However in reality, there are many effects and labor usually break the rules and do not applicated the Islamic business ethic, hence, could be influence and give the negative impact for a business. Having this problem, researcher would study and know more of the problem and cases in halal food business in Bantul, Yogyakarta and how to have the problem solving for those business.

Labors and owner who do not use an ethical business with a good implementation despite their increased on the competitiveness in market. Usually a owner was face difficulty on financial and marketing, because of that Islamic business ethic influence and give more better for a business purpose. Not only about Islamic business ethic, but also internal factors that can have an impact on business development. Based on the explanation above, research more focuse on some common problems that become obstacle in the development of halal food business, that competition in term of price, business capital, human resource quality, lack of government support in developing business, and the existence of patent of permit from the institutional halal certification.

The labor usually didn't know and understand about the business ethic especially in Islamic concept. The Owner or manager are always teaching to a labor about the rules and strategy to developing business, but sometimes they are not able to applicate the strategy and they not have a work motivation. In the other problem, the business always had some obstacles that is financial , marketing, ethic code and performances of labor. The buyer usually looking for the foods which a lower price and not understand about the food quality. The labor who have a bad attitude and doesn't respect to the customer, It also could be influences

on marketing and also public credibility. The manager must to understand the condition in a market and how to make a good and stable in management. Based on the explanation above, this research is more focus on effect of internal factor like marketing, financial management and islamic business ethic to develop the business.

B. The Limitation Problem

In business or trade actually must have a norm and ethic that must be functional to limited those business. Since in Islamic business ethics, have to be appropriate to syariah Islam and As Sunnah. Based on the research statement on, the researcher need recognize the limitation of the problem as the range space. In order to focus in research problem, so the researcher create the limitation of the problem which are available on the performance of Micro, small medium and enterprises (MSME) halal food business in Bantul regency. In the other words, this research is more focused on the influence of Islamic business ethics which consists of free will, justice, and responsibility. As well as to know the influence of internal factors consisting of management, human resource and capital on the performance Micro small and medium enterprises especially halal food business in Bantul regency, Yogyakarta.

C. Identification The Problem

1.1 Research Question

Based on the background above, the researcher identify problems as follows :

- a. Does the implementation of Islamic business ethic in halal food business consist of free will, justice and responsibility influences the food business performance in Bantul regency ?

- b. Does the internal factor consist of management, human resource and capital influences the food business performance in Bantul regency ?
- c. Does the implementation of Islamic business ethic influences internal factor of halal food business performance in Bantul regency ?

D. Research Purposes

This research discuss anything which are influence toward the development of a business, especially food business in Bantul regency, Yogyakarta. The society usually more interest with a less price for food because of that, it can be increasing the competitiveness in a market. In the other word, some types of business can not be separated from the various factors that will be increase profit or income, but actually all kinds of factors that become the foundation for development of business is knowledge in managing a business. Although there are several factors and impacts that will affect the management and business growth. In research aim to give answer some influence to performance of halal food business a business. This research can not be a good research if there is no research objective is to know how much influence of Islamic business ethics and internal factors in halal food business and to know the public perception about ethics in business. So, the researcher will certainly give attention to various kinds of difficulties in research.

From the cases, if a business in the city which has a some factors and something that can be wrong. But in this cases why internal factor and Islamic business ethic it will be influence for the business and what the problem solving from those business. Researcher have some purpose from the research that is :

- a. In order to know and understand the effect of Islamic business ethic consist of free will concept toward the performance of food business in Bantul regency, Yogyakarta.

- b. In order to analyse the influence of Islamic business ethic consist of justice and responsibility concept toward the performance of food business in Bantul regency, Yogyakarta.
- c. In order to analyse the influences of internal factor consist of management and human resource concept toward the performance of food business in Bantul regency, Yogyakarta.
- d. In order to know and understand about the influence of internal factor consist of capital concept toward the performance of food business in Bantul regency, Yogyakarta.

E. Research Benefit

Based on the research purpose, the prospect of researcher that will give more profit and knowledge toward the performance of business.

a. For Researcher

To understand and more known about the case, There is not only to understand and know about the factors who can influence, but we should be to know the performance and learn from a business in order to know how to start the business from beginning, how many kind the case and how to create the problem solving if we get a obstacle to develop the business. Because of this research, the researcher be able to raises the potential of labor and to face the obstacle of the development in food business.

b. For Student

From this research are expected to giving an insight and knowledge for student about the performance of micro small and medium enterprises (MSME) halal food business. researcher expected if the student more understand and learn from this study about the influence of Islamic business ethic and internal factor toward the performance of MSME.

c. For Institute

This study can be information and as a connection thought toward a business and institute. That can give a positive impact for all instrument, because in the other site it can help the labor and government to increasing income and also to repaire the economy in a city especially for labor who live in rural area. Islamic ethical business can give the Islamic concept for the business, it has a relationship between economy and islamic ethic toward internal factors to develop the business and make a new condition. It will helping the owner to make a good management and new strategy according to Islamic perspective.