



## Analysis Of Islamic Business Ethics in Khizanah Gontor Bakery Production

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### Abstract

**Purpose:** This research is motivated by the phenomenon of many cases of poisoning in consumers after consuming food. Khizanah Gontor Bakery Pondok Modern Darussalam Gontor as a business actor can compile its system to continue to implement Islamic business ethics. The purpose of this study is to find out how the Khizanah Gontor Bakery system is in its production and to find out whether this business has implemented Islamic business ethics in its production system. **Methodology:** This study uses a qualitative method with a type of field research. Data was collected through interviews and observations. This research method is descriptive qualitative which analyzes the Implementation of Islamic Business Ethics in Khizanah Gontor Bakery Business Production. **Findings:** The results of the study show that Khizanah Gontor Bakery's business production is in accordance with the principles of Islamic business ethics. Business actors use good and halal raw materials for consumption. In their work system, staff and employees have also implemented Islamic ethical principles in them such as unity, justice, will, responsibility and also virtue. Even with the principle of sincerity, Khizanah Gontor Bakery staff carry out all tasks and develop their factory without any salary for them and with full sincerity. This principle is held firmly by the staff and does not commit any fraud in any of its production.

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## A. Introduction

Basically, everyone wants to introduce business ethics to society. However, many are reluctant to follow these ethical principles. Some still attempt to break the rules and engage in manipulation in various ways. Many people do not fully understand business ethics, or perhaps they do but are unwilling to apply them. This is the reality faced by society – the deviation from religious teachings and the decline of business ethics (Alma & Junia Priasa, 2009).

In Islamic business ethics, Al-Sadr argues that business in Islam is not only concerned with economic aspects but must also take moral and social dimensions into account. He emphasizes that business transactions should be conducted with honesty, transparency, and fairness. This includes prohibitions against practices such as *riba* (usury), *gharar* (uncertainty), and *maysir* (gambling), which are considered inconsistent with the principles of justice and social welfare in Islam (Baqir al-Sadr, 1982).

In his book, Chapra highlights the importance of justice ('*adl*) and social responsibility in business transactions. He emphasizes that Islamic business ethics involve adherence to prohibitions such as *riba* (usury), which can lead to injustice in wealth distribution. Additionally, Chapra underscores the significance of transparency and honesty in business communication, which serve to build trust between business actors and consumers (Chapra, 2016).

Chapra also states that business ethics in Islam serve to prevent exploitation and ensure that business profits do not harm others. These principles aim to create a more just and sustainable economy by prioritizing the well-being of society and the environment (Chapra, 2016). The presence of the bread business as a popular entrepreneurial option is widespread. The ease of entering the snack food market has intensified competition among business owners vying for consumers. This competition can lead to negative consequences, such as reduced profit margins and a lack of responsibility among business owners, particularly regarding halal compliance and food safety. Most importantly, they must be able to produce high-quality, delicious products at a low cost while prioritizing halal standards. Without proper business ethics, business owners are more likely to engage in fraudulent practices that harm consumers (Susilo et al., 2022).

Additionally, bread and other food items are among the snacks that are not only consumed by children but also by adults. Many people are interested in opening small shops for these products because they offer promising business opportunities. However, a significant number of companies engage in fraud or ethical violations in their production and marketing efforts to maximize profits.

Khizanah Gontor Bakery is one of many bread businesses in Ponorogo and operates as a business unit under the Pondok Modern Darussalam Gontor Foundation. Established in 2004, it has continued to thrive to this day. In addition to selling its products at the Gontor 1 Ponorogo Cooperative, Khizanah Bakery has successfully expanded its distribution to four other locations: the Gontor 2 Cooperative in Siman Ponorogo, the Muqoddasah Cooperative in Mlarak Ponorogo, the Mini Market at Darussalam Gontor University in Siman Ponorogo, and the Mini Markets and canteens at Gontor Putri 1 and 2 in Mantingan, Ngawi. Besides distributing its products in stores, Khizanah Bakery also operates mobile carts stationed in two locations within Pondok Gontor: behind the Modern Islamic Boarding School's Meeting Hall and at the Robithoh Building.

Even if a business generates promising revenue, it does not necessarily mean that it adheres to the proper principles of Islamic business ethics. Business ethics serve as a means to regulate competitive behavior, ensuring it aligns with religious norms. A business competition can be considered fair and ethical if it complies with all established

norms. Additionally, business ethics can serve as a guiding paradigm for entrepreneurs in conducting ethical and responsible business practices (Rinawati, 2020).

The current reality in Indonesia is that the most prominent businesses in society are those related to various food products. However, many business owners pay little attention to key aspects of their products, such as halal certification, the processing and production methods, the condition and hygiene of their facilities, and overall cleanliness. These factors are often neglected because many entrepreneurs are unaware of their significance and the values they uphold (Darmadi et al., 2022).

Hence, the author is interested in conducting research on Khizanah Gontor Bakery. This business was chosen because it is one of the most popular and in-demand bakeries among consumers. Therefore, the author will examine its production and distribution processes with a focus on Islamic business ethics. The research is titled "Analysis of the Implementation of Islamic Business Ethics in Bread Production at Khizanah Gontor Bakery (A Case Study of the Business Unit at Pondok Modern Darussalam Gontor)."

The author finds this topic particularly interesting to explore and is motivated to study this business, which, despite its simplicity and use of modest facilities, has gained significant consumer interest. The research aims to determine whether the bakery has implemented Islamic ethical principles in its operations, contributing to its business success. Additionally, many business owners are still unaware of the application of Islamic ethics in business practices. From their perspective, running a business is merely an economic activity aimed at generating profit. Their focus is often on maximizing profit by any means necessary, even if the methods used result in harm to others.

## **B. Methods**

This research is a field study conducted at Khizanah Gontor Bakery, utilizing purposive sampling, where participants are selected based on specific criteria relevant to the study. The research relies on both primary and secondary data, collected through observation, interviews, and documentation. Observation involves directly examining the production and distribution processes to assess whether Islamic business ethics are being implemented. Interviews are conducted with business owners, employees, and consumers to gain insights into ethical business practices. Meanwhile, documentation includes gathering relevant records such as business policies, financial reports, and standard operating procedures to support the analysis (Merriam & Tisdell, 2015).

The study employs descriptive qualitative analysis, which consists of three stages: data reduction, data display, and conclusion drawing with verification. Data reduction involves filtering and organizing collected information to focus on aspects related to Islamic business ethics. The data is then systematically presented, either in narrative or tabular form, to facilitate interpretation. Finally, conclusions are drawn based on Islamic business ethics principles, with verification conducted through triangulation, where data from different sources are cross-checked for accuracy (Leavy, ed., 2020).

To guide the analysis, this research adopts an Islamic business ethics framework, emphasizing principles such as honesty (*ṣidq*), transparency (*shafāfiyyah*), fairness (*ʿadl*), and accountability (*amanah*). This approach helps determine whether Khizanah Gontor Bakery operates in accordance with Islamic ethical values and contributes to ethical business practices within the industry. By applying these ethical principles, the study aims to provide insights into how Islamic business ethics influence the sustainability and success of small businesses (Tracy, 2019).

## **C. Results and Discussion**

### **1. Results**

#### **Khizanah Gontor Bakery Production**

Khizanah Gontor Bakery is a business unit managed by the Yayasan Pondok Modern Darussalam Gontor, producing various types of bread for distribution within the pesantren and for sale at outlets across Ponorogo. Initially, this business was classified as a small and medium-sized enterprise (SME) when it was first established. Founded on May 21, 2004, its original factory was located next to Wisma Darussalam Gontor. In 2013, the bakery relocated to its new facility on Jl. Menur, RT 02, RW 01, Gontor, Mlarak District, Ponorogo Regency, East Java. To this day, Khizanah Gontor Bakery continues to operate successfully with a single factory and has expanded its distribution to multiple outlets. These include Unida Gontor, Pondok Modern Darussalam Gontor 1, Gontor 2, as well as Gontor Putri 1, 2, and 3.

The following analysis is based on the author's research in the field and is presented in the form of data to address the research questions outlined in the previous chapter. Business ethics is a set of values that define what is right and wrong in business, based on moral principles. In other words, business ethics refers to a series of principles and norms that entrepreneurs must adhere to in their dealings, actions, and relationships to achieve their business or corporate objectives in an ethical and sustainable manner (Badroen, 2012).

Ideally, building a healthy corporate culture begins with developing ethics as a behavioral guideline before establishing and enforcing rules of conduct. The Prophet Muhammad (SAW) also provided many ethical guidelines for conducting business with integrity. Therefore, Islam offers fundamental values and general principles that can be applied in business while adapting to changing times and considering spatial and temporal dimensions (Aziz, 2013).

### **2. Discussion**

#### **Analysis Of Islamic Business Ethics in Khizanah Gontor Bakery Production**

The following are the applications of Islamic business ethics principles in the production process at Khizanah Gontor Bakery:

##### **Unity**

In running Khizanah Gontor Bakery, the owner consistently strives to maintain the quality and halal status of the products. This is evident in the careful selection of high-quality, preservative-free ingredients. Additionally, the bakery has obtained official halal certification as proof of its commitment to halal standards. The employees also remain steadfast in ensuring the quality of the bread being marketed, treating all customers and orders equally without discrimination.

In addition to product quality, the system established for employees is intended solely as an act of worship to Allah. This is reflected in their religious conduct in the workplace, such as maintaining good communication and ethical interactions with one another. Furthermore, their devotion to Allah is demonstrated by turning off music when the call to prayer (adhan) is heard and holding regular religious study sessions every month.

Daily religious practices are also observed, such as performing prayers on time. The availability of two prayer rooms ensures that daily obligatory worship is not hindered. Additionally, Khizanah Gontor Bakery upholds cleanliness as prescribed by Islamic teachings. This commitment is evident through clear practices, such as cleaning tools and

machines before starting production, tidying up the workspace after work, and maintaining environmental cleanliness by disposing of waste at designated collection points and properly managing minimal waste to prevent environmental harm. These efforts demonstrate that Khizanah Gontor Bakery has implemented the principle of unity by adhering to religious guidelines, fulfilling obligations, and avoiding prohibitions (Aziz, 2013).

### **Equilibrium**

At Khizanah Gontor Bakery, the staff treats employees fairly by providing wages based on their performance. Any violations of the standard operating procedures (SOP) are met with appropriate sanctions as a form of accountability. The written SOPs were agreed upon at the time of the job interview, ensuring that employees accepted the terms voluntarily without any coercion in their work.

Similarly, in terms of work distribution and employee salaries, Khizanah Gontor Bakery assigns tasks based on the skills and capabilities of each employee. The salaries provided are proportional to their performance and contributions. Overtime work is also compensated with additional wages for extra working hours. Additionally, the bakery offers rewards every two weeks based on employee attendance, as well as an annual reward in the form of a group trip to a recreational destination.

The provision of adequate facilities is also carefully considered to ensure fairness, as employees consistently deliver optimal performance. Facilities such as Wi-Fi, restrooms, a prayer room, and lunch are well provided to support the employees in their work environment. To achieve optimal results, employees are encouraged to perform at their best. The staff also organizes training sessions and workshops to enhance employees' knowledge and creativity, supporting collective growth and development at Khizanah Gontor Bakery (Aziz, 2013).

### **Willingness**

At Khizanah Gontor Bakery, staff and employees have the freedom to contribute to their work. Employees can propose ideas for new types of bread that are suitable for production. In addition to product ideas, they can also suggest improvements or substitutions for raw materials that are of higher quality, more affordable, or meet the required standards. These suggestions are discussed collectively by the staff to reach a decision. If approved, the employees proceed with a trial process to evaluate the results and identify any shortcomings in the proposed idea.

Not only employees but also customers are encouraged to provide feedback on the products they receive from Khizanah Gontor Bakery. The open-minded nature of the staff and employees allows them to accept suggestions and criticism, using them as a basis for evaluation and motivation. Any shortcomings in the products reported through customer feedback are immediately discussed by the staff and employees to determine the necessary actions for improvement.

For customers who place orders with specific prices and types of bread according to their requests, the staff carefully considers these orders. In cases where a customer's proposed price does not align with the calculated production costs, the staff will suggest a revised price or offer an alternative product that matches the requested price, rather than rejecting the order outright (Aziz, 2013).

### **Responsibility**

By selecting high-quality raw materials and avoiding preservatives, Khizanah Gontor Bakery demonstrates its responsibility for the products it sells and its commitment

to ensuring the health and well-being of its customers. With a strong system in place, Khizanah Gontor Bakery distributes responsibilities through a structured division of staff and employees. Each department is assigned specific duties and is entrusted with completing them efficiently. Additionally, the standard operating procedures (SOP) are a shared responsibility in maintaining the factory's workflow. For example, employees are required to follow SOPs before and after work, including organizing and cleaning their workspaces after use.

Additionally, employee working hours directly impact production output and biweekly salaries. When additional working hours are required, the staff calculates them as overtime pay since they exceed the employees' mandatory working hours. Overtime work may be necessary due to suboptimal machine performance, requiring extra manual labor from employees. Such decisions are also discussed collectively, considering the daily production targets that must be met.

With its daily work routines, Khizanah Gontor Bakery has faced several challenges, such as insufficient seasoning in the dough, a shortage or depletion of production materials during work, unexpected power outages, and prolonged production times due to aging machinery. All issues are addressed through collective discussions to find solutions together. However, any mistakes related to individual responsibilities must be resolved personally by the respective employee (Aziz, 2013).

### **Benevolence**

In the business operations of Khizanah Gontor Bakery, the staff consistently fosters a positive environment in terms of interactions among employees and their work ethic. This is evident through biweekly religious study sessions and additional wages for overtime work. Khizanah Gontor Bakery also maintains product quality by consistently preserving its distinctive characteristics and ensuring the purity of its ingredients, free from preservatives.

In the production of bread at Khizanah Gontor Bakery, there is no evidence that the business owner produces or trades in unethical commodities that contradict Islamic principles. Employees process bread ingredients that are safe, free from preservatives, and halal for consumption and distribution. The marketing of these products is also aimed at fulfilling the food needs of outlets serving students, university students, and local residents.

In its production process, Khizanah Gontor Bakery instills in its employees the importance of maintaining ethical business interactions and aligning their intentions with sincerity in their work, rather than engaging in wrongdoing or unethical practices. Any production errors that occur are not intentional but rather due to forgetfulness or unintentional mistakes.

Likewise, in its marketing approach, Khizanah Gontor Bakery does not produce solely based on daily targets or existing orders. Moreover, there is no intention to engage in hoarding (*ihtikar*), as such practices are contrary to Islamic principles. Additionally, the bakery's products are not designed for long-term storage or extended shelf life. In its daily production, Khizanah Gontor Bakery ensures that it does not harm the surrounding environment by disposing of waste properly and on time. Additionally, the amount of leftover oil is minimal, preventing any blockage in drainage systems and avoiding disturbances to the local community (Aziz, 2013).

#### D. Conclusion

Based on the discussions and analyses conducted in the previous subsections, which aimed to examine the production process of Khizanah Gontor Bakery and assess whether the business has implemented Islamic business ethics in its operations, the following conclusions have been drawn. Regarding the first research question on production techniques, Khizanah Gontor Bakery strives to deliver the best quality products to its customers. Through established SOPs and systems, employees maintain discipline to achieve daily production targets. These SOPs and systems also ensure workplace cleanliness and product halal compliance by carefully selecting raw materials and additional ingredients in accordance with factory agreements. Additionally, the staff structure is divided into seven roles: Chairman, Treasurer, Secretary, Production, Marketing, HRD, and Warehousing. This structured division of labor helps distribute responsibilities efficiently, ensuring smooth operations.

Regarding the second research question on the application of Islamic business ethics, the five principles of Islamic business ethics—unity, balance, free will, responsibility, and benevolence—have been examined through interviews with individuals directly involved in the bakery's production. The findings indicate that Khizanah Gontor Bakery has successfully implemented Islamic business ethics in its production and management. In terms of work intention, the business instills the concept of *lillahi ta'ala* in its employees, reinforcing the belief that all sustenance and work outcomes come from Allah. Remarkably, the bakery staff does not receive direct wages for their work in the factory. Instead, they operate with sincerity and gratitude for the experience and opportunities provided by the Gontor Foundation, maintaining their dedication to growing and developing the business. Furthermore, product halal compliance is strictly maintained by avoiding preservatives and selecting high-quality, standard raw materials. Fairness in employment is also observed, as wages are distributed based on employees' work performance, and additional pay is provided for overtime work. SOP enforcement is consistent and agreed upon during the initial employee interview process. In terms of social engagement, Khizanah Gontor Bakery encourages employees to contribute ideas regarding product quality and operational improvements. Moreover, customer feedback and criticism are valued and considered for collective evaluation and improvement.

Based on the findings of this study, several recommendations can be proposed. First, for future research, this study focuses on the application of Islamic business ethics in the production process of Khizanah Gontor Bakery. Future research should explore the bakery's marketing strategies, particularly concerning the effectiveness of sales strategies and product distribution to the broader community. Second, in terms of practical recommendations, it is advised that Khizanah Gontor Bakery obtain BPOM (Indonesian Food and Drug Authority) certification for all its products. This will enhance customer confidence in product quality and align with standard factory regulations. Additionally, the research findings indicate that the current oven capacity is insufficient to meet daily production targets. Therefore, it is recommended that the bakery acquire additional ovens to support production efficiency and reduce employee workload. Finally, in terms of marketing strategy, Khizanah Gontor Bakery currently distributes its products to several outlets within Pondok Modern Darussalam Gontor. Expanding its market reach to external outlets beyond the pondok is recommended to increase business growth and product accessibility.

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This article was fully initiated by Farkhan Rizky Adzimi, while to complete and correct this article was carried out by Adib Susilo & Eko Nur Cahyo. This article was worked on together and all authors contributed greatly until this article was published.

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