

## Ethical Internalization and the Quest for Barakah: A Socio-Economic Study of Business Integrity among Muslim Entrepreneurs in East Java

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DOI:

Received: March 2025

Revised: April 2025

Accepted: May 2025

### Abstract :

This study examines the role of honesty (*ṣidq*) and barakah in the framework of Islamic business ethics among micro, small, and medium enterprises (MSMEs) in East Java. Using a qualitative approach with a case study design, data were collected through in-depth interviews, observations, and documentation involving selected Muslim business actors. The findings indicate that most MSME actors possess a basic understanding of honesty as a moral and religious obligation, reflected in transparency, fairness, and avoidance of fraud. Meanwhile, barakah is perceived as a spiritual value associated with inner peace, business continuity, and sustainable livelihood. However, these values are often understood normatively and not fully integrated into structured business strategies. The study also reveals that honesty positively influences consumer trust and loyalty, while barakah strengthens ethical consistency and long-term orientation. Nevertheless, challenges such as market competition, short-term profit orientation, and limited literacy in Islamic business ethics hinder consistent implementation. This study concludes that integrating honesty and barakah offers an alternative model for ethical and sustainable business practices. The findings contribute to the development of contextual Islamic business ethics and provide practical insights for strengthening ethical awareness among business actors.

**Keywords :** *Islamic business ethics, honesty, barakah, MSMEs, East Java*

### Abstrak :

Penelitian ini mengkaji peran kejujuran (*ṣidq*) dan keberkahan dalam perspektif etika bisnis Islam pada pelaku usaha mikro, kecil, dan menengah (UMKM) di Jawa Timur. Penelitian menggunakan pendekatan kualitatif dengan desain studi kasus, dengan teknik pengumpulan data melalui wawancara mendalam, observasi, dan dokumentasi terhadap pelaku usaha Muslim yang dipilih secara purposive. Hasil penelitian menunjukkan bahwa sebagian besar pelaku UMKM memiliki pemahaman dasar mengenai kejujuran sebagai kewajiban moral dan religius yang tercermin dalam

transparansi, keadilan, dan penghindaran praktik kecurangan. Sementara itu, keberkahan dimaknai sebagai nilai spiritual yang berkaitan dengan ketenangan usaha, keberlangsungan bisnis, dan kelancaran rezeki. Namun, nilai-nilai tersebut masih cenderung dipahami secara normatif dan belum sepenuhnya terintegrasi dalam strategi bisnis yang sistematis. Penelitian ini juga menemukan bahwa kejujuran berkontribusi terhadap peningkatan kepercayaan dan loyalitas konsumen, sedangkan keberkahan memperkuat konsistensi etika dan orientasi jangka panjang. Meskipun demikian, tantangan seperti persaingan pasar, orientasi keuntungan jangka pendek, dan keterbatasan literasi etika bisnis Islam menjadi hambatan dalam implementasi yang konsisten. Penelitian ini menyimpulkan bahwa integrasi kejujuran dan keberkahan dapat menjadi model alternatif dalam membangun praktik bisnis yang etis dan berkelanjutan..

**Kata Kunci:** *etika bisnis Islam, kejujuran, keberkahan, UMKM, Jawa Timur*

## INTRODUCTION

Islamic business ethics constitutes a normative foundation that guides economic activities not merely toward material profit but also toward moral, spiritual, and social values (Kader, 2021). Within Muslim societies, honesty (ṣidq) and blessing (barakah) are two fundamental principles that are inseparable from ideal business practices (Yilmaz, 2024). East Java, as one of Indonesia's economic centers and a region with a strong Islamic cultural base, presents an interesting dynamic in the implementation of Islamic business ethics amid the currents of modernization and increasingly complex market competition (Sulaeman, et al., 2025). In this region, business actors are not only confronted with demands for efficiency and profitability but also with socio-religious expectations to maintain moral integrity in economic transactions (Kalkavan, et al., 2021).

Empirically, dishonest practices in business remain a significant issue, such as price manipulation, reduction in product quality, and lack of transparency in contracts (Aydin, 2020). This phenomenon indicates a gap between the ideal values of Islamic business ethics and the realities of practice in the field (Yasmeen, 2026). On the other hand, the concept of barakah, which in Islam is understood as a spiritual added value that brings sustainable goodness, is often marginalized by conventional business paradigms that emphasize short-term profit accumulation (Furqani, et al., 2020). This raises fundamental questions regarding the extent to which business actors in East Java are able to integrate the principles of honesty and blessing into their business practices, as well as the factors that influence their success or failure (Abdullah, & Asutay, 2021).

Several previous studies have examined Islamic business ethics from various perspectives. For instance, Beekun (1997) emphasizes that Islamic business ethics is rooted in the principles of tawhid, justice, and responsibility, which bind all economic activities. Meanwhile, Ali and Al-Owaidan (2008)

demonstrate that Islamic work values, including honesty, positively contribute to organizational performance and job satisfaction. In the Indonesian context, [Antonio \(2001\)](#) highlights the importance of implementing sharia principles in financial institutions to maintain the integrity of the Islamic economic system. Furthermore, [Hidayat and Rafiki \(2020\)](#) reveal that the internalization of religious values in business can enhance consumer trust and market loyalty.

However, most of these studies remain conceptual or focus on specific sectors, such as Islamic banking, and have not extensively explored the contextual practice of Islamic business ethics at the level of micro, small, and medium enterprises (MSMEs), particularly in East Java. In addition, the dimension of barakah as a spiritual concept that impacts business sustainability has received relatively limited attention in empirical research ([Asutay, & Yilmaz, 2021](#)). Existing studies tend to position barakah as a normative concept without deeply exploring how business actors interpret and implement it in their daily practices.

This gap in knowledge forms the critical basis for the present study. First, there is a need to more deeply examine the relationship between honesty as an ethical value and barakah as a spiritual outcome in local business practices. Second, there is limited research specifically addressing the cultural context of East Java, which is characterized by strong religiosity, pesantren traditions, and religious social networks that potentially influence business behavior ([Shahariman, et al., 2024](#)). Third, an empirical approach is needed to explore the subjective experiences of business actors in interpreting and applying Islamic business ethics, thereby producing a more comprehensive and contextual understanding.

Accordingly, this study aims to: analyze business actors' understanding in East Java regarding the concepts of honesty and barakah from the perspective of Islamic business ethics; identify the forms of implementation of honesty in daily business practices; explore how the concept of barakah is interpreted and experienced in relation to business sustainability; and examine the factors that support and hinder the application of Islamic business ethics in East Java. Through these objectives, the study is expected to contribute theoretically to the development of more contextual Islamic business ethics studies, as well as practically for business actors and policymakers in formulating strategies to strengthen ethical values in the business world.

In terms of originality, this study offers an integrative approach that connects the ethical dimension (honesty) and the spiritual dimension (barakah) within a single analytical framework focused on the real practices of business

actors in East Java. Unlike previous studies that tend to be partial, this research seeks to present a holistic perspective that not only assesses compliance with sharia principles but also examines the spiritual and social impacts of business practices (Rahma, et al., 2025). Furthermore, by positioning the local context as the primary focus, this study is expected to enrich the literature on Islamic business ethics with empirical findings that are both relevant and applicable (Waluyo, 2022).

Based on this background, the study is important to address the challenge of integrating Islamic values with modern business practices, while also reinforcing the role of ethics as a foundation for creating an economic system that is just, sustainable, and full of barakah.

## RESEARCH METHOD

This study employs a qualitative approach with a case study design. The research is conducted in East Java (Sidoarjo, Surabaya, and Malang), with Muslim MSME actors selected through purposive sampling as the research subjects (Javaid, 2022). Data are collected through in-depth interviews, observation, and documentation (Alwi, et al., 2021). The analysis applies thematic techniques, including data reduction, data display, and conclusion drawing. Data validity is ensured through triangulation and member checking, while also adhering to research ethics principles. This method aims to obtain a contextual understanding of the practices of honesty and barakah within the framework of Islamic business ethics.

## FINDINGS AND DISCUSSION

The findings of this study reveal that MSME actors in East Java generally possess a basic understanding of honesty (şidq) as a moral and religious obligation in business activities. Honesty is interpreted in terms of transparency in product information, fairness in pricing, and the avoidance of fraudulent practices in transactions. Meanwhile, barakah (blessing) is understood as a spiritual value reflected in peace of mind in running a business, the smooth flow of sustenance, and business sustainability. Nevertheless, it was found that some business actors still perceive these concepts in a normative sense and have not fully integrated them into long-term business strategies.

**Table 1: Understanding of Honesty and *Barakah* among Business Actors**

Aspect	Key Indicators	Field Findings
Honesty	Transparency, fair transactions	Understood as a religious obligation
Barakah	Spiritual value of business	Associated with inner

		peace
Concept Integration	Ethics-profit relationship	Not fully understood

In practice, honesty is manifested through concrete behaviors such as providing accurate information about product conditions, maintaining product quality, and avoiding price manipulation. Observational findings indicate that business actors who consistently uphold honesty tend to gain higher levels of consumer trust, which in turn enhances customer loyalty. However, there are situations in which business actors face dilemmas between maintaining honesty and responding to market pressures, such as intense price competition. In certain circumstances, some actors compromise ethical values, even though they are aware that such actions are not aligned with Islamic principles.

In this study, barakah (blessing) is not only interpreted as material profit but also encompasses non-material aspects such as inner peace, harmonious social relationships, and business sustainability. Business actors who are oriented toward barakah tend to demonstrate greater patience in dealing with business challenges and maintain integrity despite economic pressures. This suggests that barakah functions as a regulatory value that reinforces ethical consistency in business practices.

Further findings indicate that there are factors that both support and hinder the implementation of honesty and barakah. Supporting factors include a background in religious education, a religious social environment, and individual awareness. In contrast, inhibiting factors consist of market competition pressures, limited understanding of Islamic business ethics, and a short-term profit-oriented mindset.

**Table 2: Supporting and Inhibiting Factors of Islamic Business Ethics**

Category	Factors	Description
Supporting Factors	Religious education; religious environment; personal awareness; market competition;	Shapes moral business values; strengthens social control; promotes ethical consistency;
Inhibiting Factors	limited literacy in business ethics; short-term profit orientation.	encourages value compromise; limited understanding; neglect of spiritual values.

The discussion indicates that honesty and barakah are two interrelated dimensions within Islamic business ethics. Honesty functions as the ethical foundation in economic interactions, while barakah serves as a spiritual orientation that provides a broader meaning to business success. These findings

align with the concept of Islamic business ethics, which emphasizes a balance between material and spiritual aspects.

However, this study also reveals a gap between ideal values and actual practices in the field. Economic pressures and market competition emerge as the primary factors influencing the consistency of ethical implementation. In this context, barakah appears as a concept with the potential to bridge this gap, as it offers a long-term orientation that goes beyond mere financial gain.

Overall, the findings of this study affirm that the integration of honesty and barakah can serve as an alternative model for developing ethical and sustainable business practices. The socio-religious context of East Java contributes significantly to shaping business behavior; however, strengthening ethical literacy and awareness remains necessary to ensure more consistent implementation of these values.

## CONCLUSION

This study concludes that honesty and barakah are two fundamental pillars in Islamic business ethics that are closely interconnected in business practices in East Java. MSME actors generally possess a basic understanding of the importance of honesty as a moral and religious obligation, as well as barakah as a spiritual goal in conducting business. However, this understanding tends to remain normative and has not been fully integrated into structured business strategies. The implementation of honesty has been proven to positively impact consumer trust and loyalty, which ultimately supports business sustainability. Meanwhile, barakah functions as a spiritual dimension that strengthens the resilience of business actors in facing business dynamics and encourages a long-term orientation that is not solely focused on material profit.

Nevertheless, this study also identifies a gap between ideal values and actual practices in the field. External factors such as market competition pressures and short-term profit orientation, as well as internal factors such as limited literacy in Islamic business ethics, constitute the main challenges in consistently implementing the values of honesty and barakah. Therefore, efforts to strengthen Islamic business ethics literacy are necessary, both through formal education, the role of religious leaders, and policies that support ethical business practices. This study affirms that the integration of honesty and barakah can serve as an alternative model for developing a business system that is not only profit-oriented but also sustainable, just, and spiritually grounded.

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