

Shari'a Compliance to Improve the Competitiveness of the Industry of Hijab

Juliana Juliana, Firmansyah Firmansyah, Aneu Cahyaneu, Habibah Moslem and Irfaany Fauziyah
Taufiq
*Economics and Islamic Finance Department, Universitas Pendidikan Indonesia, Jl. Dr. Setiabudhi No. 229, Bandung,
Indonesia
julian@upi.edu*

Keywords: Syariah Compliance, Competitiveness, Hijab Industry.

Abstract: This research is based on the problems that arise due to the increase of competitiveness in the hijab industry. The issue includes aspects of the products, human resources and capital. The purpose of this research is to find a general overview about the veil's industry that exists in Cicalengka District. Furthermore, elaborate model of Shari'a Compliance in improving the competitiveness of Hijab industry in Cicalengka District, Bandung Regency. The method used in this research is Explanatory Research, while the research approach using descriptive quantitative with statistical tools descriptive. Data source is the craftsmen in the center of hijab industry in Cicalengka District, Regency Bandung. The result of this research shows that Cicalengka area is a very strategic area in the development of hood industry in west java region. As for the aspects of shari'a compliance and competitiveness, most of the craftsmen have not understood and implemented the values of shari'a compliance in business. While viewed from the aspect of competitiveness, there are still obstacles in improving competitiveness, for example in design aspects, raw materials and capital.

1 INTRODUCTION

A poor country is not only caused by lack of resources, but also does not have enough number of good entrepreneurs (Gupta and Srinivasan, 1992). Schumpeter and Matlay (in Julian, 2017) say the activities of qualified entrepreneurs will accelerate the economic development of a country. The same thing is supported by Aziz (1998) who stressed that the best community is a society that has a large number of entrepreneurs. Based on this, the role of the entrepreneur is very important because it can accelerate the development, even distribution of income can further improve the welfare of the community. One of the opportunities to increase the number of entrepreneurs is starting the work of the Muslim fashion industry, one of its products is hijab. In Indonesia, the rate of development of the Muslim fashion industry continues to experience a quite encouraging increase. Hijab is no longer identical with the old society, but along with the times and increased understanding of Muslim women, hijab has penetrated among young women. Young women today can wear hijab and still look fashionable

because there are many emerging modern hijab designs these days.

The Association of Indonesian Fashion Entrepreneurs and Designers (APPMI DIY) said they are ready to welcome Indonesia into the world hijab mecca in the year 2020. Chairman of APPMI DIY Lia Mustafa said that by 2020, Indonesia will become a barometer of the World Moslem Fashion because Indonesia has a rich cultural treasury, then Indonesia has talent, inventiveness and proven skill and concentration of the largest Muslim fashion in the world long Islamic tradition. He mentioned this at the socialization of the grand event of Jogja Fashion Week 2015 when interviewed by Radio Republik Indonesia (RRI) (RRI, 2015).

The veil business in Cicalengka, the velocity of money there can reach 100 billion rupiah per day. Hijab products made by Cicalengka scarf craftsmen are marketed in local markets such as Tanah Abang Jakarta and Tegalbugug Cirebon, these hijab products are also accepted in Malaysia and Morocco (Tribun News, 2016).

However, in the development of hijab industry there are also some challenges. This was stated by Director General of Small and Medium Industries

(SMI) of the Ministry of Industry, Euis Sa'idah the press conference Indonesia Fashion Week which was held on February 5, 2013. He said Indonesia had at least five challenges in its develop the fashion industry, namely raw materials, technology, ability of human resources, marketing, and capital. We are still highly dependent on imports such as cotton and silk (VIVA news, 2014). To be the qibla of the world's Muslim fashion, Indonesia must face at least some challenges from raw materials that still import from other countries, production process with technology that is still very simple, human resource capability not yet have sufficient knowledge base, the product is already fulfilled and in accordance with the shari'a standard or not until the capital issue.

In addition to some of the constraints described above, there is still a serious problem. Indonesia has still low competitiveness of Indonesian products. Based on GCI data published by the World Economic Forum (WEF), Indonesia is ranked 38th in ranking up compared to the previous year at 50 and 46. However, Indonesia still cannot compete with other Southeast Asian countries such as Singapore, Malaysia, Brunei Darussalam and Thailand. Competitive advantage is a strategic issue in the development of industry globally and nationally (Lisnawati, 2014).

Based on the above description, it is important to find a solution to overcome these problems as related to the improvement of human resources capabilities, products and capital. The ability of human resources, products and capital is an important thing to improve the quality of Competitiveness. However, the current pattern of business tend to use conventional patterns will hinder a Muslim business actors to be able to expand their business. Conventional patterns such as; the integrity of human resources that are still lacking and not in accordance with Islamic values, the production is not based on the aspects of shari'a until the capital of each use *riba*. Yet for a Muslim, religion has an important role in life, so all activities should be guided by religion, including in the case of economic *muamalah* (Julian, 2017), is not allowed to take *riba*, because *riba* is something that is strictly forbidden in religion.

2 LITERATURE REVIEW

2.1 Shari'a Business

Islamic business consists of two words namely business and Islam (shari'a). Business is defined as any activity of individuals or organizations to produce and market goods or services to consumers in order

to gain profit. While Islam is a complete and comprehensive, Islam is a way of life that strongly encourages human activity in various things such as entrepreneurship, development, agriculture, industry, science and trade. It all shows that Islam is a religion that is not rigid and very accommodating. One proof that Islam not only regulate in the problems of the nature of vertical relationship with God or often known *hablumminallah*. Islam also provides space for horizontal relationship with Allah SWT or *hablumminanas* such as *muamalah* issues including Islam it self to open the space to regulate humans with himself who often know as *hablumminafsi*. (An Nabhani, 2001)

Based on the explanation then, Islam is very relevant to business activities. So based on that explanation, the Islamic Business (Shari'a Business) is all business activities in accordance with Islamic Shari'a.

2.2 The Competitiveness (Diamond Porter Modeling)

Porter posits the theory that there are four attributes of a state forming an environment in which local firms will compete, and these attributes support or hinder the process of creating comparative advantage (Hill et al., 2013). The Diamond model explains the international competitiveness of a country or region. In the original term the diamond model is called "diamond of advantage" because it is depicted as a diamond-shaped box whose arrangement contains a number of factors that determine the competitiveness of a region or country. According to Porter (1993) diamond of advantage model, a region will naturally develop a competitive advantage based on the innovation capabilities of the companies in it and the economic vitality of a region is a direct result of the industry competition in the region (Soemarno, 2011).

Diamond Porter's Theory has four important components in looking at competitiveness, these components are supporting factors, demand factors, related industry factors and supporting industries, and corporate strategy, structure, and competition factors. In addition to the four components that interacted above there are two components that affect the four components are government factors and opportunity factors (Kaunang, 2013).

2.3 Shari'a Compliance

The meaning of compliance (language compliance) that is obedient, obedient is like according to; obey the command, and rules (KBBI Dictionary, 2016). In

compliance terms, in corporate governance, it follows a clearly defined specification, standard or law that is normally issued by an authorized institution or organization in a particular field. Meanwhile, the meaning of shari'a is etymologically rooted from a word *syara'a* which means "something that opened wide to him". Based on that, the *Shari'a* is interpreted as "the source of drinking water". This word then connected by the Arabs with a straight path that must be followed. The meaning of shari'a in terminologically disclosed by the experts that *shari'a* is the rules relating to human behavior, both with respect to the principal law and the branch law derived from the Qur'an and Hadith of the Prophet

Based on the explanation above, shari'a compliance can be defined as follows, that is follow the standards or laws or rules relating to human behavior, both with respect to the main law and branch law derived from the Qur'an and hadith of the Prophet saw. According to Mahmudah (2012), the meaning of Compliance is to follow a specification, standard or law that has been clearly regulated, while shari'a compliance means following the standards or shari'a law. The meaning of shari'a compliance is very broad, within the scope of business the implementation of shari'a compliance is based on Islamic business ethics, namely principles, norms and standards of behavior that regulate individuals and groups that distinguish what is right and what is wrong in doing business in accordance with Islamic Shari'a principles.

Shari'a compliance is the fulfillment of all Shari'a principles in all activities undertaken as a manifestation of the characteristics of *muamalah* practices in accordance with shari'a. Arifin (2005) describes consistently and makes shari'a as the framework for shari'a bank system and finance in resource allocation, management, production, capital market activity, wealth distribution.

In the previous research based on Rostow's theory and Porter's theory, the factors that influence the competitiveness of small-scale batik industrial center in Jambi city, that the factors of product, infrastructure, Government Policy, human resources and science and technology simultaneously have a big influence in improving the competitiveness of Jambi's batik. And partially factor Infrastructure, human resources and science and technology influence Jambi's batik competitiveness (Raf, 2012).

3 METHODOLOGY

The method used in this research is quantitative descriptive. The approach using explanatory survey means that this research is held to obtain facts, look for factual descriptions and try to describe the symptoms of current practice (Nazir, 1988). The object of this research is the center of hijab industry in Cicalengka District, Bandung Regency West Java Province, as many as 30 Hijab Cicalengka Business become object in this research. The characteristics is industrial center with the classification of apparel industry so they produces the veil with a variety of models, the industrial scale is small and micro industries.

4 RESULT AND DISCUSSION

Based on the data and on understanding of Maysir, Riba and Gharar, it can be interpreted that about 90% of the respondents agree that the business must be free from Maysir, Riba and Gharar. However, in practice there are still many scarf entrepreneurs who use loans from conventional banks by applying the instruments of interest (interest). This is evident from the results of research that shows there are 7 people who source of capital from his own, 23 people from the loan. Of the 23 people who use loans mostly using conventional banks. The average capital used in the range of 50 to 250 million. With such capital, the craftsmen usually take advantage of 10% -15% of sales turnover.

The largest number of workers are 17 people in one company and the average business has 4 workers. Marketing model indicator shows that the average marketing technology used is through direct sales. For Sewing and cutting machines indicator, on average, each company uses the most sewing machines are 16 units by one entrepreneur

On production scale, the scale of 100 score production per week can be done by 8 entrepreneurs. From the data, people that has NPWP or taxpayer number are 15 entrepreneurs

On Government support, it shows that the government still has no role in supporting the hijab industry in cicalengka. The longest entrepreneur is 15 years and the average is 7 years and the average education of entrepreneur is junior high school.

The total of employers are 19 respondents of male sex and 6 female respondents. This shows that the number of entrepreneurs who are male is more than female. This is because in producing a veil requires a

lot of energy. Most respondents are at the age of 32-37 years are 12 people. This shows that entrepreneurs veil mostly in the productive age.

4.1 Understanding Against Shari'a Compliance

Based on the data, respondents has high understanding against shari'a compliance. The research result shows about 90% of the respondents agree that the business must be free from *Maysir*, *Riba* and *Gharar* and as many as 73% of respondents agree that business should bring *maslahat*. The result also shows that 77% of Respondents are agree that the selling price of their business should be clear and 90% of respondents are agree that the object of goods sold must have goods.

4.2 Variable Competitiveness / Management

Based on the data, it can be explained that 77% of them agree that their Production should be lawful and of good quality. It also shows that 70% of respondents agree that the business must have a diligent human resources and in accordance with his expertise. On Financial Indicators indicator, only 88% of respondents agree that the business should make a financial record and not borrow capital with interest system

The result shows low percentase for marketing indicator. It shows only 56% of the respondents agreed the product marketing must be complete and look good. On Profit and Benefit Indicator, 79% of respondents agree that business should have advantages and great benefits for the community. The data also shows 80% of respondents agree that business brings blessing.

5 CONCLUSIONS

Based on the research, in general, veil entrepreneurs has been implementing the principles of shari'a compliance, although there are some who have not but the number is relatively small. It is certainly a concern that a business is not only looking for big profits, but also must be tied to the values of shari'a (Shari'a Compliance). Implementation of shari'a compliance can be interesting topic to be studied in the study of Islamic business, especially in this era. The development trend of science with the theme of shari'a is a trend in academic studies. Nevertheless,

the results of this research can add to the scientific treasures of Islamic economics. The cervical industry in cicalengka district is a very prospect industry to develop but based on the results of research, the support from the government is still lacking. They need more support, especially in the form of regulation or capital assistance.

REFERENCES

- An Nabhani, 2001. *Nizamul Islam*, Pustaka Thariqul Izzah, Edisi mu'tamadah. Bogor.
- Arifin. 2005. *Teori Keuangan dan Pasar Modal*. Yogyakarta: Ekosinia.
- Aziz, A., 1998. *Asas-Asas Keusahawanan*, Prentice Hall. Petaling Jaya.
- Gupta, G. B., Srinivasan, N. P., 1992. *Entrepreneurial Development*, Sultan Chand and Sons. New Delhi.
- Hill, C., Wee, C., Udayasankar, K., 2013. *Bisnis Internasional Perspektif Asia*, Salemba Empat. Jakarta.
- Juliana, 2017. *Peran Syariahpreneur Dalam Mewujudkan Kesejahteraan Masyarakat: Studi Pada Bisnis Properti di Wilayah Bandung Raya*, SPS UIN Syarif Hidayatullah. Jakarta, Disertasi.
- Kaunang, W. R., 2013. Daya Saing Ekspor Komoditi Minyak Kelapa Sulawesi Utara. *Jurnal Emba*. 1304-1316.
- KBBI. 2016. *Kamus Besar Bahasa Indonesia (KBBI)*, [online]. Available at: <http://kbbi.web.id>. Accessed by: 20 March 2016.
- Lisnawati, 2014. *Pemetaan kekuatan lingkungan industri kerudung cicalengka dalam upaya pengembangan potensi kawasan industri Sebagai sentra unggulan umkm kabupaten bandung Yang memiliki daya saing*, LPPM UPI. Bandung.
- Mahmudah, N. A., 2012. Pengawasan Terhadap Bisnis Syariah di Indonesia. *Jurnal Ekonomi dan Hukum Islam*. Vol. 2, No. 2.
- Nazir, M. 1988. *Metode Penelitian*. Ghalia Indonesia. Jakarta.
- Porter, M.E. 1993. *Keunggulan Bersaing: Menciptakan dan Mempertahankan Kinerja Unggul*. Erlangga. Jakarta, 2nd edition.
- Raf, M., 2012. Analisis Eksplanatori Faktor Daya Saing Industri Kecil (Studi Pada Sentra Industri Kecil Batik Di Kota Jambi). *Jurnal Manajemen Dan Kewirausahaan*. 14(2).
- RRI, 2015. *Indonesia Kiblat Hijab Dunia 2020*, [Online]. Available at: http://www.rri.co.id/yogyakarta/post/berita/178006/fashion/indonesia_kiblat_hijab_dunia_2020.html. Accessed by: 20 March 2016.
- Soemarno, 2011. Ekosistem dan Wilayah. *Bahan Kajian MK Dinamika Pengembangan Wilayah*.
- Susanty, A., 2013. Analisis Faktor-Faktor Yang Mempengaruhi Pertumbuhan Klaster Batik Pekalongan (Studi Kasus Pada Klaster Batik Kauman,

Pesindon Dan Jenggol). *Jurnal JATI Undip*. Vol VIII, No 1, Januari 2013.

Tribun News, 2016. *Perputaran Bisnis Kerudung Cicalengka Rp. 100/Hari*. [Online]. Available at: <http://www.tribunnews.com/bisnis/2012/09/12/perputaran-bisnis-kerudung-cicalengka-rp-100-m-hari>.

Accessed by: 20 March 2015.

Viva News, 2014. *Fashion Indonesia mendunia*, [Online]. Available at: <http://m.news.viva.co.id/news/read/516740-fashion-indonesia-mendunia>. Accessed by: 20 March 2015.

