

Auction Practices Viewed from Islamic Business Law

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ABSTRACT

Auction is a system of buying and selling transactions with certain terms and conditions that are adjusted to the agreed contract between the seller and the buyer. The auction system is also explained in Islamic law. So this study aims to determine the auction technique with Islamic business law. Islamic business law is a provision that explains the rules of trading with Islamic advice according to the guidelines of the Al-Qur'an and As-Sunnah. One of them is the discussion of auction practices in Islamic business law which is often carried out by today's society. Auction practice is part of the process of buying and selling goods using different techniques, but having certain terms and conditions in common. In fact, the practice of auctions is approved and permissible with clear Islamic business law recommendations and does not have a negative impact in the future. The community needs to understand and carry out auction practices in accordance with the requirements and provisions that apply to Islamic business law. This research can be used as a recommendation for writing the next auction practice. This research is used as a recommendation for researchers, students and auctioneers from an Islamic point of view.

Keywords: Auctions, Islamic Business Law, Auction Practices

ABSTRAK

Lelang merupakan sistem transaksi jual beli dengan ketentuan dan syarat tertentu yang disesuaikan pada akad yang telah disetujui antar penjual dan pembeli. Sistem lelang pula dijelaskan pada syariat hukum Islam. Sehingga penelitian ini bertujuan untuk mengetahui teknik lelang dengan hukum bisnis Islam. Hukum bisnis Islam adalah ketentuan yang menjelaskan aturan-aturan berdagang Muamalatuna, Volume 15 No 01 Publish June 2023

dengan anjuran Islam sesuai pedoman Al-Qur'an dan As-Sunnah. Salah satunya pembahasan praktek lelang dalam hukum bisnis islam yang kerap dilakukan oleh masyarakat saat ini. Praktek lelang adalah bagian kegiatan dari proses jual beli barang dengan teknik berbeda, tetapi memiliki kesamaan rukun dan syarat tertentu. Pada kenyataannya praktek lelang disetujui dan diperbolehkan dengan anjuran hukum bisnis islam yang jelas dan tidak memberikan dampak buruk kedepannya. Adapun masyarakat perlu memahami dan menjalankan praktek lelang sesuai kebutuhan dan ketentuan yang berlaku pada hukum bisnis Islam. Penelitian ini dapat digunakan sebagai rekomendasi penulisan praktik lelang berikutnya. Penelitian ini yang dijadikan rekomendasi untuk para peneliti, pelajar dan pelaku lelang dalam pandangan sudut pandang keislaman.

Keywords: Lelang; Hukum Bisnis Islam; Praktek Lelang

A. Introduction

Humans are creatures created by Allah SWT to think and worship him. Humans are basically interpreted as individual beings, namely the smallest unit of social life or humans as social beings who make up community life, the association consists of several individuals. Basically humans are indeed creatures that have social interactions in their environment, so it is not surprising that individuals with other individuals interact with each other.

Humans were created by Allah SWT as individual creatures having their own uniqueness and characteristics. Every human has nothing in common even though they can be born with twins. Every human being has characteristics and differences from other humans. So it is natural that even twins have one difference because it is a provision and provision from Allah SWT. The differences that humans have are interpreted as personality, where personality is only owned by that human and has nothing in common with other humans. Personality appears due to environmental factors or innate from birth.¹

So it is clear that every human being is a creature that interacts with each other. And human nature cannot be separated from relationships with other people. In the view of Islamic law also teaches that human relations often

¹ Mahdayeni Mahdayeni, Muhammad Roihan Alhaddad, and Ahmad Syukri Saleh, "Humans and Culture (Humans and Cultural History, Humans in Cultural Diversity and Civilizations, Humans and Sources of Livelihood)," *Tadbir: Journal of Islamic Education Management* 7, no. 2 (2019). p. 154–165.

occur because of the social life that is intertwined. It should be because Islam is a perfect religion that regulates all human aspects from matters of worship, creed, morals, to muamalah. So, human relations must also be orderly and explained according to Islamic rules. Every relationship that occurs in humans can be grouped into several parts, for example friendship relationships, business partner relationships, marriage relationships and so on.²

The existence of a relationship that often occurs in every human being creates a relationship and good influence. This influence can then become a positive part due to the interaction of individuals with other individuals, or individuals with groups up to groups with individuals. One part that often occurs is a business relationship. So that a well-maintained business relationship can last forever. When talking about business, it is closely related to humans, because business is a part that is often done by every human being. In fact, many people carry out their daily activities by doing business.

Business in general is said to be an activity carried out by humans to earn income or income to fulfill their life needs. Doing business is carrying out activities that are effective, efficient and profitable. Business is carried out by humans in order to earn income, but there are also those who carry out this activity as a channel for hobbies or entertainment simply to fill in the blanks with useful things. There are also those who define that business is an organized individual activity to be able to produce goods and services and gain profit from these activities. Everyone can do business activities with their own abilities and creativity.

Business is also simply defined as an institution that provides goods and services by meeting the needs of others. Business is also an activity that exchanges goods or services for things that are useful and can be profitable for both parties. So in general, this business definition is very broad and has many meanings that adjust to the implementation of the business. But in conclusion, this business is an activity carried out to earn income by providing goods and

² Ning Elok Mukarromah, "Views of Islamic Law on the Practice of Buying and Selling Precious Stones Online with the Auction System (Case Study on the Facebook Social Network)" (2021). p. 1-2.

services.³But there is another definition that explains related to business conditions, where not all businesses always pursue their own profits, namely cooperative business. Cooperative business aims to improve the welfare of members as well as the government and have a good effect on society. This kind of business model can be said as a contrast to the existence of a socialistic system owned by the government, the general public and other trade unions. So this means that there are many business models that have their own goals and opportunities.⁴

In Islam, business is defined as something that is lawful and recommended by Islam. This business activity was carried out by the Prophet and the companions of the Prophet in ancient times. Many of the Prophet's companions also taught him to do business, because this could provide benefits and was good for the development of Islam. Islam allows this business activity by not carrying out despicable acts such as usury, gambling, and so on that lead to unlawful elements. So according to Islam in doing business there are some ethics and benefits that will be obtained when doing these things properly. Basically Islamic business is also oriented with several provisions, namely:

- a. There is a profit share for the seller and the buyer
- b. Providing benefits to the community
- c. Social empowerment
- d. Reduced unemployment due to increased job opportunities

In addition to the principles of the Islamic business orientation described above, Islamic law also pays attention to ethics in doing business such as avoiding gambling, staying away from things that are uncertain, not bullying, not doing usury, staying away from fraud, not selling products that smell haram and do not follow the business monopoly.⁵There are also those who have a definition that is almost the same as a business,

³ Fuad Riyadi, "Urgency of Management in Islamic Business," *BISNIS: Journal of Islamic Business and Management* 3, No. 1 (2016). p. 65.

⁴ Sri Rezeki et al., "Online Sales Information Systems Design" 8 (2017). p. 109.

⁵ Sunarji Harahap, *Integrative Approach Business Feasibility Study*, 2018. p. 20-21.

namely auctions. In auction activities, there will be many different opinions and interpretations related to the purpose and definition of the auction.

Auction in history is a way of selling that has been known since before Christ. At first the Greek state held an auction to sell war products from countries they had conquered. By way of competition bidding goods are auctioned fairly and open to all groups. This auction will be impartial and of the same nature to all people, the most important thing is that the one who bids with the highest price is the winner. In Indonesia itself, it already has an auction institution that accommodates these activities. This institution exists to accommodate community needs as an effort to develop the economy. However, the use of this auction is adjusted to the law so that it follows the rules in Indonesia.

As in Article 1 Sub 17 of Law No. 19 of 2000 concerning "Tax Collection by Enforcement Letter" it is explained that auction is the sale of goods in public by way of bidding in writing or verbally through gathering interested parties and prospective buyers. In accordance with the legal basis of the Act so that the auction has several provisions as follows:

- a. It is mandatory to be transparent
- b. Sales techniques are carried out quickly
- c. Usually this sale will be carried out by announcing it in advance to the general public
- d. The auction is carried out with a period of time and cash payment it is.

This auction system has the principle of using the initial deposit of money in advance as collateral with a minimum payment of three working days.⁶

In the view of Islamic business law, the practice of auctions often has many opinions, either agreeing or not. However, as explained above, this auction originally appeared during the time of the Roman Empire. In

⁶ Taufik Effendy, "Development of the Auction System in Indonesia," *Al' Adl V* (2013). p. 46–70.

addition, the hadith also explains that it reads: *Has informed us (Ishaq bin Ibrahim), he said: has narrated to us (Al-Mu'tamir) and (Isa bin Yunus) they said: has narrated to us (Al-Akhdar bin'Ajlan) from (Abu Bakar Al - Hanafi) from (Anas bin Malik) that the Prophet SAW sold glasses and saddle pads to people who increased the price.* The conclusion is that from the hadith it can be seen that this auction law has developed since the time of the Prophet Muhammad with blatant implementation.

But with the emergence of many opinions and other hadith provisions, there are several scholars who differ in opinion regarding this auction practice. This is related because some scholars who do not accept auction practices are of the opinion that an auction activity is not based on the actual purpose of the auction. The point is that this auction needs to be a way to help and help each other, not teach arrogant attitude by bidding and buying the highest possible price. This was then seen as a competitive arena by some scholars who did not fully agree with the practice of auctions. However, it is clear that the practice of auctions in business law was also carried out by Rasulullah SAW in accordance with the applicable Islamic Shari'a and Islamic law which is clear in the Qur'an and Hadith.

B. Literature Review

In writing this study, researchers used several scientific works such as theses, journals, books and other references as a form of study from this writing. This means that this research will produce reference sources that are similar to previous studies that also address the same topic according to the discussion. This literature review serves as material and comparison with previous research, namely:

In an electronic journal article written by Ahmad Syarifudin and Rahmat College Students of Islamic and Arabic Studies with the title "Practice of Auctioning Mosque Donation Goods in a Review of Islamic Law (Case Study of Popenga Village, Umanda District, Majene Regency)"

2022, Vol. 2, No. 2.⁷The conclusions in this study explain that there is an auction practice for donated goods in the Popenga Village mosque. This means that the donated items in the mosque are intended to be auctioned to become money, so that the funds collected from the results of this auction can be used as an effort to add to the construction of the mosque. In Islamic law, which allows the practice of auctions, it is necessary to consider all kinds and must be in accordance with Islamic rules. So it is clear that the practice of auctions conducted in mosques is not permitted in accordance with Islamic law.

The difference with the results of the author's research here is that this research uses a qualitative method of literature study. As well as this research explains related to auction practices in terms of Islamic business law. So it is clear that the practice of auctions is permissible in accordance with Islamic law and what was taught by Rasulullah SAW.

C. Methods

This study used qualitative research type with literature study (*Library Research*). The qualitative research method approach is very appropriate for analyzing this research, because with a qualitative method the writer can easily interpret and understand the research material. Qualitative research is a type of research that is descriptive in nature, namely analyzing and describing explanations related to auction practices with sources from scientific papers and reference books. Qualitative research is more common and often used by academics. With the presentation of qualitative methods that can be carried out in two parts

⁷ Ahmad Syaripudin and Rahmat Rahmat, "Auction Practices for Mosque Donation Goods in a Review of Islamic Law (Case Study of Popenga Village, Ulumanda District, Majene Regency)," *AL-KHIYAR: Journal of Islamic Economics and Muamalah* 2, No. 2 (2022). p. 114–23.

such as exposure to literature studies and field studies. However, the two are also combined directly between literature and field studies.⁸

This literature study is related to theoretical studies from several references that have been included by the author. Literature research is usually produced from literary sources such as journals, books, or other scientific works according to the topic of the problem being researched by the author. For data collection techniques with literature study, it is usually looking for data regarding things or variables in the form of notes in books, articles or scientific papers and so on.

The research instrument used in this study is based on the classification of materials that focus on the study, the writing scheme and several formats of the research notes. The data analysis technique in a literature study is content analysis. In data analysis techniques qualitative method of literature study, it is necessary to use this to check and re-read some of the literature in this reference.⁹

D. Discussion

a) Auction Practices Viewed From Islamic Business Law

Auction which means increasing a price with several stages. In general, auctions are a means of meeting buyers and sellers with agreed price conditions in the auction process. The auction will be held by giving the price from the base value until it increases to the highest price limit and no one bids it back. However, this auction activity is usually agreed upon by all parties who will take part in the auction process so that misunderstandings do not occur later. Auction activities can be carried out in person or online. As technology advances, many people end up doing

⁸ Wahyudin Darmalaksana, "Qualitative Research Methods of Library Studies and Field Studies," *Pre-Print Digital Library UIN Sunan Gunung Djati Bandung* 5 (2020). p. 2.

⁹ Journal of Guidance, Konseling Indonesia, and Arum Ekasari Putri, 'GUARDING AND COUNSELING PROGRAM EVALUATION: A LITERATURE STUDY', 4 September (2019). p. 39–42.

this auction online. However, with an online system, the community also needs to pay attention to the laws and provisions that exist in auction practices.

Provisions for this auction practice are regulated in laws and Islamic law. So that this auction has been widely carried out by the community as an effective selling mechanism. The government continues to update the auction system in order to refine the rules for auction activities so that not many people take advantage of this auction for fraudulent purposes. So that the government provides services for auction services and provides the institution, namely the Office of State Assets and Auction Services (KPNKL). KPNKL is an agency that will be responsible for and make reports in accordance with Minister of Finance regulation NO. 102/PMK.01/2008. So it is clear that the auction rules are also very concerned by the government so that the contract system is clear and does not harm anyone and the business rules are clear.

Business with Islamic law is not only aimed at expecting profit, but also needs to provide benefits to many people. The concept of trading or doing business is discussed a lot in the Qur'an as well as auction activities, which are not only always related to materialistic or quantity matters, but also need to show this qualitative immaterial. The point is that doing business also needs to provide benefits to other people in a good way and not be detrimental. So Islam pays great attention to business laws that are good and beneficial to others.

Islamic business law is a rule that explains the sale and purchase contract system related to Islamic law. Auctions are almost the same as buying and selling, except that this auction is carried out using a system of bidding practices from the base price to the highest price. But auction law in Islam is permissible in nature which is permissible to do and it is also permissible not to do it. The point is that auction law in the Islamic view

may be carried out as long as the auction activity is in accordance with the terms and conditions that are met. In Islamic business law, auctions are also not recommended if they contain elements of najasy, fun and other disgraceful practices. Although there are some scholars who do not recommend it, the majority of scholars also allow it to be carried out with clear objectives and according to Islamic law.¹⁰

2. Research result

The results of the research are in accordance with the explanation above, it can be seen that auction practices have indeed been regulated both in laws and Islamic law. In the law, auction practices are regulated so that the government can monitor and minimize public misunderstanding regarding this auction activity. Because auctions are usually more often carried out directly and impartially to anyone. Auction is a buying and selling activity with an open system and provides a price from the lowest to the highest value. The price that is given in writing and openly is indeed often carried out when the auction process gets the highest bidding price and according to the latest capacity.

Many auction activities have been carried out by the community, both auctions of goods, land, and so on. The process of selling by auction is offered to release the product to someone who dares to pay the highest. This is what then there are those who see the auction system as a place to brag and not do it for the purpose of helping. However, in accordance with early history at the time of Rasulullah SAW, he also carried out auction activities with the aim of helping others and carried out according to the rules and provisions of Islamic law. Auction law in Islam is permissible so that people are encouraged to carry out these activities but not to carry out auction activities is also not a problem. Thus the law of auctions in Islam

¹⁰ Abdurrahman Misno BP and Ahmad Fajrin Shadiq, "Analysis of Islamic Law Regarding the Implementation of Auctions in the Bogor State Property and Auction Services Office," *Shariati: Journal of Al-Qur'an Studies and Law* 4, no. 02 (2018). p. 233-46.

can facilitate and provide understanding to Muslims. Islamic law is a set of laws whose rules are related to Allah's revelation and the Sunnah of the Prophet, which discuss human behavior that can be recognized and believed and apply to bind all Muslims. So simply this Islamic law is based on the provisions of the revelation of Allah SWT.¹¹

The recommendation for auctions in Islamic business law is clear that it is necessary to provide benefits to others without harming other parties. In Islamic business, the auction contract must also be clear and not be followed by other elements that are detrimental to other parties. This means that these elements are najasy, having fun and other despicable acts. Najasy's actions can be interpreted as part of engineering or carrying out fraudulent elements carried out by buyers by asking for things that are not in accordance with the product. Likewise with acts of joy that should not be included in the auction element, because fun only aims to show off their wealth to other people.

So that the practice of auctions reviewed in Islamic business law is clear that the provisions need to follow Islamic law and not be followed by elements of disgraceful acts. So this is what needs to be understood by the community, especially Muslims who carry out the auction practice. In order to carry out auction practices also benefit both yourself and others. So before carrying out auction practices, Muslims need to understand and review the law.

E. Conclusion

From the explanation above, it can be concluded that in doing business we should not only look at the benefits we get but also need to think about the benefits for other people. Likewise with auction activities need to be carried out with a clear contract system such as buying and selling as it should be. The practice of auctions in Islamic business law is

¹¹ Ria Nur Fitriana, "Differences in Selling Prices of Goods in One Retail Perspective of Islamic Law (Studies on Indomart Griya, Korpri and Sebesi Island, Sukarame District, Bandar Lampung)," (2020). p. 1-9.

indeed permissible and some are not with their respective understandings and this is not an important issue that no party is harmed. However, the legal practice of auctions is clear both in law and Islamic law. Whereas in Islamic business law the practice of auctions is permissible and carried out according to Islamic provisions.

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