

Digital Receipt

This receipt acknowledges that Turnitin received your paper. Below you will find the receipt information regarding your submission.

The first page of your submissions is displayed below.

Submission author: Helmi Muhammad

Ahmad Taufiq Assignment title:

Submission title: Halal responsibilities through Islamic business ethics practi...

l_responsibilities_through_lslamic_business_ethics_practices... File name:

94.36K File size:

Page count: 6

Word count: 3,706

Character count: 20,796

Submission date: 31-Mar-2022 05:33AM (UTC+0700)

Submission ID: 1797325927

Halal Development: Trends, Opportunities and Challenges – Pratikto et al (eds)
© 2021 The Author(s), ISBN 978-1-032-03830-8

Halal responsibilities through Islamic business ethics practices: Implementation of trustworthy and fair values in traditional markets

Keywords: halal responsibility, Islamic business ethics, trustworthy, fair, traditional market

1 INTRODUCTION

I INTRODUCTION Islam is a source of business ethics that leads to economic growth and development that has a positive impact on people's lives (Hassan 2016). Understanding business ethics with a strong religious foundation and being a philosophy of life has served as a catalyst for hald business business foundation and being a philosophy of life has served as a catalyst for hald business the properties of the determinants of people's behavior that affects the consumption allowed by priligion, namely, hald Oldukhara & Aboshin But 2013, part of the properties of the

*Corresponding author

DOI 10.1201/9781003189282-16

Halal responsibilities through Islamic business ethics practices

by Helmi Muhammad

Submission date: 31-Mar-2022 05:33AM (UTC+0700)

Submission ID: 1797325927

File name: l_responsibilities_through_Islamic_business_ethics_practices.pdf (94.36K)

Word count: 3706

Character count: 20796

Halal responsibilities through Islamic business ethics practices: Implementation of trustworthy and fair values in traditional markets

H. Muhammad* & N.P. Sari

Universitas Islam Raden Rahmat, Malang, Indonesia

ABSTRACT: This study was designed to examine the implementation of Islamic business ethics as a form of halal responsibility in business practices in the Tirtoyudo traditional market, Malang, Indonesia. An exploratory descriptive design with a single case study was used in this study. Data was collected through in-depth interviews with several participants who were selected purposively and with snowball sampling. The data was then analyzed using interactive models. The results showed that trustworthy and fair values underlie business practices as a halal responsibility in traditional markets. The successful application of trustworthy and fair values through a continuous coaching process is supported by market entities with existing local cultural synergies. The application of trustworthy and fair values in a mix of local cultures has implications for the sustainability of traditional markets which can be adopted by both traditional and modern markets as a halal market.

Keywords: halal responsibility, Islamic business ethics, trustworthy, fair, traditional market

1 INTRODUCTION

Islam is a source of business ethics that leads to economic growth and development that has a positive impact on people's lives (Hassan 2016). Understanding business ethics with a strong religious foundation and being a philosophy of life has served as a catalyst for halal business transactions (El-Bassiouny 2014). This orientation is carried out by paying attention to correct business transactions as a form of halal responsibility for both products and businesses (Muhammad 2020). As a Muslim, the true halal responsibility is not only with fellow business partners but also with God. Therefore, business is not only aimed at achieving results but also maintaining the process as worship. Religious understandings and attitudes are one of the determinants of people's behavior that affects the consumption allowed by religion, namely, halal (Mukhtar & Mohsin Butt 2012).

Public awareness of halal products requires companies to provide products and services according to their religious beliefs in both the authentic and financial sectors (Thomas & Selimovic 2015). The call for companies to formally certify products and business practices and give them a halal label has become a new cultural phenomenon. This demand extends not only to countries with Muslim populations but also to non-Muslims throughout the world (Wilson 2014). This means that there is a shift in orientation from the halal domain to business, triggered by economic and technological reasons. Many companies are capturing this phenomenon as an opportunity by offering products and services through faith-based marketing (Izberk-Bilgin & Nakata 2016). On the other hand, this phenomenon raises concerns that companies ignore ethical values and ethical business objectives (Wilson 2014), both seen from deontological ethics, consequentialist ethics, and virtue ethics as in norma to ethical theory (Jonsson 2011). This means that, in Islam, the authentic purpose of business is not only to pursue material gain but also spiritual with Islamic ethical principles, which are a synthesis of the three normative theories (Abdallah 2010).

^{*}Corresponding author

The study of the halal phenomenon has also become a new trend in academia with a variety of interesting themes such as consumer behavior (Amalia et al. 2020), cosmetic products (Briliana & Mursito 2017), microbial food ingredients (Karahalil 2020), industry and logistics (Ab Tal 4 2020), finance (Yusof et al. 2019) and so forth. In this study, our concentration obtained is in line with the development of the halal industry, which is growing very fast in the world (Hong et al. 2019). The development of the halal industry might be due to the increasing number of Muslims, which is even predicted to become the largest population in the world in 2060 (Lipka & Hacket 2017). This condition certainly affects the glo gleconomy and has the potential to form a promising market. Previous research onducted by Izberk-Bilgin and Nakata (2016) revealed that multinational companies such as Nestle', Unilever, McDonald's, Kentucky Fried Chicken, Campbell's, Colgate-Palmolive, HSBC, Tesco, Carrefour, and J. Walter Thompson (JWT) have targeted the Muslim market. They even call this segment of the Muslim community the next "onebillion" market after the Chinese and Indian markets. 2ther evidence also shows that more than a decade earlier, the world retail company, Walmart, opened a shop in Dearborn and Michigan to serve the large Muslim population in the area by offering halal meat, Islamic greeting cards, Islamic styles, and so on (Naughton 2008).

The literature has indicated that the potential of halal markets has penetrated religious and cultural boundaries. Albeit multinational companies are mostly owned by non-Muslims, their business activities have targeted the Muslim markets. This means that there is a shift from the domain of religious knowledge (halal) into business due to economic and technological factors. This concern has been shown by Wilson (2014) in one of his research conclusions that the values of Islamic business ethics will be ignored because of the focus on economic and business goals. Meanwhile, Muslim business people must apply business ethics in their trade, both for obtaining maximum profits and blessings. To achieve all of these intentions, the role of religion and culture is central to be applied in ethical and halal businesses. The understanding of business people about the laws in *fiqh al-muamalat* (known as business transactions according to Islamic law) is also imperative, both in terms of the laws of the product being transacted, the laws of the transaction process, and the goal of the halal guarantee (Muhammad 2020). In addition, the internalization of morals will guide efficient and ethical business whose success requires a strong commitment to Islamic ethics (Hassan 2016).

The study of halal with an impressive variety of themes shows that theoretical and empirical discussions have been carried out in various multinational businesses and modern markets. Nevertheless, specific studies on Islamic business ethics practices as a halal responsibility seem sparse, particularly in the local cultural practices based on religion in traditional markets that have specific uniqueness. To fill this void, the present study investigated the traditional market site of Tirtoyudo Malang, Indonesia, which adheres to the "Pon" market day and only lasts once in five days. Preliminary data shows that, when the "Pon" market arrived, the Tirtoyudo traditional market was filled with people from trade and economic, social, and cultural activities to the realm of tourist destinations. In addition, the community's obedience to the local culture and embodying of business and cultural activities in traditional markets has made Tirtoyudo the village chosen in the Village Building Movement (Gema Desa) in 2019 and has become an attraction for investors from the Indonesia-Japan Business Network.

2 METHODS

This study employed an exploratory descriptive design (Brink & Wood 1998) with a single case study (Yin 2014). It was carried out in 2020 within the traditional market of Tirtoyudo Malang, Indonesia, with the consideration of potential unique characteristics. Eleven participants consisting of head of mark administrations (Mantri), traders, buyers, village leaders, and local governments, were recruited using a purposive and snowball sampling technique. Data was gathered from indepth interviews with the participants (Yin 2014). The recorded and transcribed interviews were analyzed using an interactive model to construe the relationship of the category of activity variations

in various cycles. The interactive analysis was carried out from the initial data collection process to the verification process for drawing conclusions (Miles et al. 2014). To maintain research quality standards, checking validity, comparing data, and verifying research data were necessary using the triangulation of data sources, methods, and other sources as well as member checks (Patton 2002).

3 RESULTS AND DISCUSSION

The Tirtoyudo traditional market was founded in 1965 by Tlogosari villagers, Tirtoyudo, Malang Regency, Indonesia. Located around 15 kilometers from the foot of Mount Merapi, which is inhabited by most Javanese and Madurese tribes and occupies an access area between the Java-Bali provinces through the southern route. Apart from being a place of trade, the Tirtoyudo ditional market is also a place a socio-cultural interaction. The traditional Tirtoyudo market plays an important role in increasing the economic value added of rural communities through ethical trade transactions and adherence to local culture. Our field exploration and interviews with the participants show that, in general, traders who carry out business transactions hold good ethical principles that are relevant to the teachings of Islam. These ethical principles are as follows.

3.1 Trustworthy

Most traders in the Tirtoyudo market are Muslim, although they still adhere to the principles of local culture passed down from their ancestors. Violation of the principles of local culture has severe social sanctions for people. Adherence to religion and the local culture has a positive influence on the business behavior of Tirtoyudo traditional market traders. Trustworthiness is an example. Trust is the basis of business trans 1 ions (Abuznaid 2009). The implementation of trustworthiness includes the positive correlation between actions and words, the conformity of reports and the reality of transactions and keeping promises. Based on our field exploration and interviews with the participants, the nature of this trust is revealed by the behavior of Tirtoyudo traditional market traders who convey product defects before sale or do not hide defects (ghisysyi), keep consumer or customer orders, do not exaggerate the quality of the goods sold, and offer goods in accordance with existing conditions. This was also admitted by one of the buyers who conveyed the same information. The results of the interview also show that the reason why this trustworthiness is important for traders is that they have an orientation so that their business results are better and halal.

Trustworthiness behavior in business starts from the registration of the traders. To become a member of a market, you must fill out a form, integrity pact and swear in front of the Market *Mantri* officers and community leaders not to commit fraud that harms others. Coaching in various local cultural events is also always carried out, for example, in "kumpulan" events (gathering between traders), "almsgiving or bancaan" (eating together as a form of gratitude) and informal gatherings. The Market *Mantri* and community leaders collaborate to become the central figures who regulate, guides and nurture the traders and ensures that the activities in the Tirtoyudo traditional market take place. Violation of the agreed rules has social and economic consequences that must be borne. For example, the perpetrator is announced in front of the general public, material fines are levied and they may not trade on the following market day. The purpose of this punishment is not out of hatred but solely so that no one is harmed.

The trustworthiness shown by Tirtoyudo traditional market traders is the practice of Sharia teachings that refer to the business success of the Prophet Muhammad SAW. The nature of mandate is later proven by modern economic and management theories about how a business should be run which aims to alleviate poverty through entrepreneurship in the paradigm of unity of God (tauhid) and divinity (Hunter 2014). Ethical principles such as the mandates practiced by Tirtoyudo traditional market traders are in line with the appreciation of Islam for business people who have an independent orientation, can maximize all their resources, and provide benefits to mankind. The function of trustworthiness in business helps people do good and avoid cheating and is in line with

previous research on the implementation of Islamic ethics in business and its positive role (Jabbar et al. 2018).

3.2 Fair

Fairness is an important ethic in business and economic aspects. Our exploration and interviews show the fair nature of business. The fair implementation of business in the Tirtoyudo market is manifested by traders, among others, by not reducing the scales (tahfif) and cheating (ghabn). In addition, many business or store owners treat employees fairly regardless of race, ethnicity or class, and often even provide rewards based on the ethical performance of employees. In addition, the Market Mantri only gave permission for one person to sell (bedak) to make it evenly distributed. Traders are grouped based on the type of goods sold, making it easier for buyers. The price of basic necessities is determined as the same from one store to another, while the price of complementary goods varies according to the purchase price plus a reasonable margin.

Fair character values are formed through a long process. The rules agreed upon in the integrity pact are a trigger to act fairly and honestly. In addition, the role of the Market Mantri and village community leaders in campaigning for ethical behavior through local cultural events such as "kumpulan", "bancaan" and other events have a positive contribution. To ensure compliance with the values of fairness, the Market Mantri together with the team conducted monitoring by going around the market area to monitor the prices of basic necessities. This effort is made so that there is a similarity in the fair price limit offered to buyers. In addition, the Market Mantri randomly asked to the buyers about the price of the goods. Indirect monitoring is also carried out, through outreach, coaching together with the village community leaders and the provision of measuring instruments such as goods prices provided to the public. Buyers who feel aggrieved can take measurements through the measuring tools provided. Efforts were made by the Market Mantri with village community leaders in the framework of maintaining price stability, the condition of goods and achieving the ethical sustainability of the Tirtoyudo traditional market. The phenomenon of creating price stability through local culture strengthens the arguments of previous researchers who state that creating price stability through Sharia and ethical mechanisms is a very important aspect (Ahmed et al. 2018).

Fair values, such as the phenomenon in the Tirtoyudo traditional market, have a positive impact in increasing economic value-added and marketing local products. The success in maintaining ethical values also has an impact on the government award given to the Tirtoyudo village community through the Village Building Movement (*Gema Desa*) program in 2019 and has become an attraction for Indonesia-Japan Business Network investors. This traditional market activity has been going on for 55 years, apart from being one of the destinations for traders outside the Tirtoyudo village to market their commodities. It is also a marketing icon for local products, such as cocoa and coffee as well as a tourist destination that are in tune with the government's goals, namely, one village one product and one village one destination. This condition strengthens previous research stating that the core of marketing is the principle of value maximization based on justice (fair transactions, for example) to achieve the welfare of the wider community (Saeed et al. 2001).

The values of trustworthiness and fairness as practiced by Tirtoyudo market traders can also be seen from the perspective of traditional normative ethical theory. From the perspective of deontological ethics and consequentialist ethics, the values of trustworthiness and fairness are intrinsically true and have good consequences. The values of trustworthiness and fairness of traders that are practiced in their daily behavior and have become part of the work culture become individual virtues that come from the heart on the basis of strong faith. This condition by Jonsson (2011) is called virtue ethics, namely holistic virtue ethics that are not seen from just right and wrong but are used as life experiences within an ethical character. In the perspective of Islam, this is called *Ihsan*. A business that is run based on ethical values will ensure that every product produced is halal and will make a positive contribution to other lives. As villagers, they derive business ethics from empirical experiences (through local culture and religion) passed down from previous generations.

Table 1. Halal responsibility through Islamic business ethics practice.

Islamic Ethics	Implementation of Islamic Ethical Values	Religious Foundation	Ethics Theory	Orientation
Trustworthy	 Positive correlation between actions and words Conformity of reports and the reality of transactions and keeping promises made 	• Islamic Sharia • Faith	 Deontological Ethics Consequentialist Ethics 	• Halal Responsibilities
Fair	 Deliver defective products before sale or do not hide the defects (ghisysyi) Keeping customer or customer orders Do not overestimate the quality of the goods sold Offer goods in accordance with existing conditions Not cheating on the scales (tahfif) Does not reduce the dose (ghabn) Treat employees fairly One person, one place to sell Traders are grouped based on the type of goods sold Prices of basic necessities are determined the same from one store to another 	• Ihsan	• Virtue Ethics	

This empirical experience is then carried out with full awareness as a good religious adherent so that it becomes a culture. Abdallah (2010) calls this condition as the practice of a holistic Islamic ethical system which includes the obligation to carry out Islamic Sharia, based on faith with the motivation of Ihsan's virtues. The implementation of business ethics as a halal responsibility in trading in the Tirtoyudo traditional market is shown in Table 1.

4 CONCLUSION

The present study has uncovered the halal responsibility, which breaks through religious and cultural boundaries both in modern and traditional markets. An interesting phenomenon is captured in the Tirtoyudo traditional market, which is run by village people who have a halal responsibility by applying Islamic business ethics combined with adherence to local culture. Islamic business ethics has an important role in shaping businesses with Islamic character with trust and fairness principles in traditional markets. Achieving halal responsibility with the principle of trustworthiness and fairness through a coaching process by Market *Mantri* and community figures is supported by market entities on an ongoing basis in a blend of local cultures. The halal responsibility displayed in business practices in the Tirtoyudo traditional market fulfills a lifestyle and the consistent and ethical practice of *fiqh al-muamalat*. The goal is to achieve ethical economic development and be a bulwark to avoid the bad consequences of today's global market practises.

REFERENCES

Ab Talib, M. S. 2020. Identifying halal logistics constraints in Brunei Darussalam. *Journal of Islamic Marketing*, ahead-of-print (ahead-of-print). https://doi.org/10.1108/JIMA-09-2019-0189

- Abdallah, S. 2010. Islamic ethics: An exposition for resolving ICT ethical dilemmas. *Journal of Information, Communication and Ethics in Society*, 8(3), 289–301. https://doi.org/10.1108/14779961011071088
- Abuznaid, S. A. 2009. Business ethics in Islam: The glaring gap in practice. International Journal of Islamic and Middle Eastern Finance and Management, 2(4), 278–288. https://doi.org/10.1108/1753839091100634
- Ahmed, E. R., Islam, M. A., Alabdullah, T. T. Y., & bin Amran, A. 2018. Proposed the pricing model as an alternative Islamic benchmark. *Benchmarking: An International Journal*, 25(8), 2892–2912. https://doi.org/10.1108/BIJ-04-2017-0077
- Amalia, F. A., Sosianika, A., & Suhartanto, D. 2020. Indonesian Millennials' Halal food purchasing: Merely a habit? British Food Journal, 122(4), 1185–1198. https://doi.org/10.1108/BFJ-10-2019-0748
- Briliana, V., & Mursito, N. 2017. Exploring antecedents and consequences of Indonesian Muslim youths' attitude towards halal cosmetic products: A case study in Jakarta. Asia Pacific Management Review, 22(4), 176–184. https://doi.org/10.1016/j.apmrv.2017.07.012
- Brink, P. J., & Wood, M. J. (Eds.). 1998. Advanced design in nursing research (2nd ed). Sage Publications.
- El-Bassiouny, N. 2014. The one-billion-plus marginalization: Toward a scholarly understanding of Islamic consumers. *Journal of Business Research*, 67(2), 42–49. https://doi.org/10.1016/j.jbusres.2013.03.010
- Hassan, A. 2016. Islamic ethical responsibilities for business and sustainable development. Humanomics, 32(1), 80–94. https://doi.org/10.1108/H-07-2015-0047
- Hong, M., Sun, S., Beg, A. B. M. R., & Zhou, Z. 2019. Determinants of halal purchasing behaviour: Evidences from China. *Journal of Islamic Marketing*, 10(2), 410–425. https://doi.org/10.1108/JIMA-03-2018-0053
- Hunter, M. 2014. Entrepreneurship As A Means To Create Islamic Economy. Economics, Management, and Financial Markets, 9(1), 75–100.
- Izberk-Bilgin, E., & Nakata, C. C. 2016. A new look at faith-based marketing: The global halal market. Business Horizons, 59(3), 285–292. https://doi.org/10.1016/j.bushor.2016.01.005
- Jabbar, S. F. A., Ali, H. M., Mohamed, Z. M., & Jalil, F. 2018. Business Ethics: Theory and Practice in an Islamic Context. In J. Bian & K. T. Çalıyurt (Eds.), Regulations and Applications of Ethics in Business Practice (pp. 257–271). Springer Singapore. https://doi.org/10.1007/978-981-10-8062-3_14
- Karahalil, E. 2020. Principles of halal-compliant fermentations: Microbial alternatives for the halal food industry. Trends in Food Science & Technology, 98, 1–9. https://doi.org/10.1016/j.tifs.2020.01.031
- Lipka, M., & Hacket, C. 2017. Why Muslims are the world's fastest-growing religious group | Pew Research Center. https://www.pewresearch.org/fact-tank/2017/04/06/why-muslims-are-the-worlds-fastest-growing-religious-group/
- Miles, M. B., Huberman, A. M., & Saldaña, J. 2014. Qualitative data analysis: A methods sourcebook (Third edition). SAGE Publications, Inc.
- Muhammad, H. 2020. Holistic Practice of Fiqh Al-Muamalat: Halal Accountability of Islamic Microfinance Institutions. Nusantara Halal Journal (Halal Awareness, Opinion, Research, and Initiative), 1(1), 22–31. https://doi.org/10.17977/um060.2020v1p022-031
- Mukhtar, A., & Mohsin Butt, M. 2012. Intention to choose Halal products: The role of religiosity. Journal of Islamic Marketing, 3(2), 108–120. https://doi.org/10.1108/17590831211232519
- Naughton, K. 2008. Wal-Mart: Arab-America's Store. Newsweek. https://www.newsweek.com/wal-mart-arab-americas-store-83885
- Saeed, M., Ahmed, Z. U., & Mukhtar, S.-M. 2001. International Marketing Ethics from an Islamic Perspective: A Value-Maximization Approach. *Journal of Business Ethics*, 32(2), 127–142. https://doi.org/10.1023/A: 1010718817155
- Thomas, P., & Selimovic, A. 2015. "Sharia on a Plate?" A critical discourse analysis of halal food in two Norwegian newspapers. *Journal of Islamic Marketing*, 6(3), 331–353. https://doi.org/10.1108/JIMA-05-2014-0041
- Wilson, J. A. J. 2014. The halal phenomenon: An extension or a new paradigm? Social Business, 4(3), 255–271. https://doi.org/10.1362/204440814X14103454934294
- Yin, R. K. 2014. Case study research: Design and methods (Fifth edition). SAGE.
- Yusof, R. M., Mahfudz, A. A., & Yaakub, S. 2019. Halal Trade Finance and Global Well-Being: Here Come the Millennials. In F. Hassan, I. Osman, E. S. Kassim, B. Haris, & R. Hassan (Eds.), Contemporary Management and Science Issues in the Halal Industry (pp. 469–494). Springer Singapore. https://doi.org/10.1007/978-981-13-2677-6_40

Halal responsibilities through Islamic business ethics practices

	ALITY REPORT					
50 SIMILA	% ARITY INDEX	4% INTERNET SOURCES	2% PUBLICATIONS	0% STUDENT PAPERS		
PRIMAR	Y SOURCES					
1	d.resea Internet Sour	rchbib.com		1 %		
2	mafiado Internet Soui			1 %		
3	philpap Internet Sour			1 %		
4	reposito	<1 %				
5	prosper Journal	Vahyu Puspitasa rity: justice or proof of Economic Ponies, 2018	rofit?", Interna			
6	Yusuf Sidani, Akram Al Ariss. "New Conceptual Foundations for Islamic Business Ethics: The Contributions of Abu- Hamid Al-Ghazali", Journal of Business Ethics, 2014 Publication					
7	dokume	en.pub		<1 %		

Internet Source

Syed Adil Shah, Maqsood Hussain Bhutto, Sarwar M. Azhar. "Integrative review of Islamic marketing", Journal of Islamic Marketing, 2021

Publication

Exclude quotes

Exclude bibliography On

Exclude matches

Off