

## Implementation of Islamic Business Ethics on The Scale of International Trade

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### ABSTRACT

*The inability of a nation to meet all of its demands gave rise to the idea of establishing cooperation between nations, which is one of the causes of international trade. This study aims to ascertain the place of Islamic business ethics and social responsibility in global trade. The role of Islamic business ethics and social responsibility in international business is described and discussed in this study using a qualitative methodology. A literature study was utilized as the data collection method for this study. This method involves gathering information on research from books, scholarly journals, and other pub-appropriate publications*

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*used as research sources. The findings of this study suggest that business is seen in Islam as the best route to riches. As a result, all commercial activities must be conducted according to the highest standards of ethics, including refraining from engaging in acts of injustice like usury, fraud, and fraud. It is impossible to overestimate the significance of social responsibility in global business. Because of this, companies need to gain their clients' trust by facilitating their success and granting them access to their legal rights as consumers.*

**Keywords:** International Business, Business Ethics, Islamic Business Ethics, Global Business.

### ABSTRAK

*Ketidakmampuan suatu bangsa untuk memenuhi segala tuntutannya memunculkan gagasan untuk menjalin kerjasama antar bangsa, yang merupakan salah satu penyebab terjadinya perdagangan internasional. Tujuan dari penelitian ini adalah untuk memastikan tempat etika bisnis Islam dan tanggung jawab sosial dalam perdagangan global. Peran etika bisnis Islam dan tanggung jawab sosial dalam bisnis internasional dijelaskan dan dibahas dalam penelitian ini dengan menggunakan metodologi kualitatif. Studi literatur digunakan sebagai metode pengumpulan data untuk penelitian ini. Metode ini melibatkan pengumpulan informasi penelitian dari buku-buku, jurnal ilmiah, dan publikasi lain yang sesuai untuk digunakan sebagai sumber penelitian. Hasil dari penelitian ini menunjukkan bahwa bisnis dipandang dalam Islam sebagai rute terbaik menuju kekayaan. Akibatnya, semua kegiatan komersial harus dilakukan sesuai dengan standar etika bisnis Islam, seperti menahan diri dari melakukan tindakan ketidakadilan seperti riba, penipuan, dan penipuan. Mustahil untuk melebih-lebihkan pentingnya tanggung jawab sosial dalam bisnis global. Karena itu, perusahaan harus dapat memperoleh kepercayaan dari klien mereka dengan memfasilitasi mereka dan memberi mereka akses ke hak hukum mereka sebagai konsumen.*

**Keywords:** International Business, Business Ethics, Islamic Business Ethics, Business Global

#### A. Introduction

International trade is<sup>1</sup> an important economic activity to boost a nation's economy in the current era of globalization. But in this era of globalization, not

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<sup>1</sup> A.A.G Agung Artha Kusuma, KM Agus Satria Pramudana, "Dampak Globalisasi Pasar dan Produksi Pasar dan Produksi di Tengah Lingkungan Bisnis Nasional", *Matrik: Jurnal Manajemen, Strategi Bisnis dan Kewirausahaan* Vol. 11, 152 No. 2, (Agustus 2017). p. 151

only are economic activities possible, political exchanges (and political responses), technology, cultural interactions, and so on.<sup>2</sup> Many countries rely on export and import markets to bring commodities and services to expand their economies. Their population requirements cannot be met by any country worldwide. The demands of the people of a country include, among others, the need for clothing, food, transportation, and telecommunications. This international/global trade position is important because of the openness of the economy and the implementation of development that depends on the growth of the export and import sectors.<sup>3</sup> A country will be encouraged or motivated to change its trade policies and practices because of these developments, especially in the export and import sectors. The need for stable and widely applicable international trade ethical criteria to maintain lean and fair standards in international trade is a pressing issue due to the bilateral economic interactions between countries. A country is forced to change its trade policies and practices because of these developments, especially in the export and import sectors.<sup>4</sup>

Business is trading commodities, services, or money that benefits both parties or is profitable.<sup>5</sup> Meanwhile, according to its basic understanding, business is defined as the "buying and selling of goods and services". Business exists because of the interdependence of people, global opportunities, and initiatives to preserve and improve living standards. Moreover, faced with the

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<sup>2</sup>Almas Heshmati and Sangchoon Lee, "The Relationship Between Globalization Economic Growth and Income Inequality", *Journal of Globalization Studies*, Vol. 1 No. 2, (November 2010). p. 87

<sup>3</sup>Ismadiyanti Purwaning Astuti, Fitri Juniwati Ayuningtyas, "Pengaruh, Ekspor dan Impor Terhadap Ekonomi di Indonesia", *Jurnal Ekonomi & Studi Pembangunan* Volume 19, Nomor 1, (April 2018), p. 1

<sup>4</sup>Hakim Harahap, "Epistemologi Etika Perdagangan Internasional dalam Konsep Alquran", *jurnal Al Quds: Jurnal Studi Alquran dan Hadis*, 10.29240/alquds.v3i2.1148, 2019.

<sup>5</sup>Mislan Sihite, "Bisnis Global", *Jurnal Ilmiah Methonomi* Vol. 2 No. 2 (Juli-Desember 2016). p. 92

virtual world (digital), business is getting livelier.<sup>6</sup> The term "business" can also refer to an organized or institutionalized individual (private) business activity that produces and sells services or goods for profit while meeting the needs of society. The purpose of doing business is to make a profit (profit) to maintain a company's survival, social responsibility, and social growth.<sup>7</sup>

Business ethics is not a new phenomenon, according to research. The relationship between ethics and business has been debated since the 18th century. Business lawsuits involving ethics had occurred in the United States long before the country became independent. In 1870, the owner of the Standard Oil Firm of Ohio, John D. Rockefeller, made a secret contract with a railroad company to transport oil. As a result, competing companies suffer losses and opt out of the oil industry. Business ethics get much attention because dishonesty, fraud, and other factors have become their topic. Business ethics in cyberspace is even more so because the modus operandi is more open to those who are technology savvy.<sup>8</sup> Business ethics issues develop when a conflict of interest, a conundrum, or a choice between right and wrong, which is worse than the other, or something more complex arises because of a business action.<sup>9</sup>

Unethical business conduct occurs in almost all countries, such as Beech-Nut Nutrition Corporation. The company produces baby food from the Swiss-branded consumer goods manufacturer Hero Group. Beech-Nut-one of the most respected brands in baby food products, and liquid bottle labels are marked with the label "100 percent" pure apple juice for parents who trust the

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<sup>6</sup>Aditya Migi Prematura, "Legal Protection for Consumers Against Buying and Selling Goods Transactions Through Online Shops", *Jurnal Pena Justisia*: Vol.20, No.2, (December, 2021). Hal. 120

<sup>7</sup> Ika Yunia Fauzia, *Etika Bisnis Islam*. (Jakarta: Kencana, 2017). p 3.

<sup>8</sup>Imas Rosidawati, Edy Santoso, "Pelanggaran Internet Marketing Pada Kegiatan E-Commerce Dikaitkan Dengan Etika Bisnis", *Jurnal Hukum dan Pembangunan* Vol. 43 No.1 (Januari-Maret 2013). p. 30

<sup>9</sup>Sri Nawatmi, "Etika Bisnis dalam Perspektif Islam", *Jurnal Fokus Ekonomi (FE)*, Vol. 9, No.1 April 2010, p 50-58

company to manufacture products that will provide nutrition for babies. But in fact, the bottles contain no apple juice at all. The parents unknowingly fed their young son and daughter what a Beech-Nut employee described as a "chemical cocktail." Therefore, the Company was sued and accused of committing a violation and had to pay compensation to the local community. The company has agreed to pay a fine of \$2 million—by far the largest fine ever imposed under the Food, Cosmetics, and Drug Act. But unfortunately, the two executives pleaded not guilty.<sup>10</sup>

Without us realizing it, we encounter many violations of corporate ethics. There are so many things related to violations of international business ethics that business people often do. The number of these goods is a kind of unfair competition used by business people who want to dominate the market. Other incentives, apart from market dominance, encourage business people to violate corporate ethics to increase market share and earn big profits. Based on these three factors, this is often cited as the cause of business actors violating the law in various ways. The loss of ethical and professional standards in various aspects causes a tendency toward moral degradation.<sup>11</sup>

Scholars realize that the current economic system has not improved the state of the world economy, especially in Muslim countries. Muslim countries are the countries that face the most poverty. These Muslim areas, especially in developing countries, are exploited by developed countries because of the capitalist economic system, which causes a significant growth in developed countries.<sup>12</sup> Islam forbids using any means, including cheating, perjury, usury, bribery, and other vanity acts, to pursue one's ambitions and aspirations.

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<sup>10</sup>Bob Greene, "How Beech-Nut Betrayed a Trust", (Chicago Tribune Jun 22, 1988).

<sup>11</sup>M. Muslim, "Urgensi Etika Bisnis di Era Global", *Jurnal Esensi: Jurnal Manajemen Bisnis*, 20 (2) 2018), p, 148-158.

<sup>12</sup>Sri Nawatmi, "Etika Bisnis Dalam Perspektif Islam", *Jurnal Fokus Ekonomi*, (April Vol. 9, No.1, 2010), p. 50 – 58

However, there is a line or boundary in Islam between what is permissible and what is not, between right and wrong, and between what can be called legal and illegal. Ethics is the term used to describe this line or boundary.

In addition, conduct in business or commerce is not exempt from moral or ethical business standards. Business people need to incorporate a moral component into the structure or reach of the company. People began to emphasize the importance of interrelated ethical issues in business as awareness of business ethics increased. All aspects of human life, especially those related to economic operations and trade, have been regulated according to Islamic teachings. According to Islamic teachings, every Muslim must make every effort to put sharia into practice (rules). Islam is a way to find life in all aspects of life, including the law of muamalah (business and commerce). The main purpose of implementing the rules (sharia) in Islamic teachings in the field of muamalah, especially business behavior, is to generate noble and blessed income (sustenance), which will realize just and stable human development to achieve the fulfillment of needs. Needs, full employment opportunities, and income distribution without enduring protracted societal inequalities.<sup>13</sup> Furthermore, how to apply Islamic business ethics in the international market?

## **B. Literature Review**

Several articles related to business and trade ethics below can be used as references. In an article written by Aqil Barqi Yahya<sup>14</sup> With the title *Etika Bisnis (Perilaku) Bisnis Rasulullah Muhammad SAW Sebagai Pedoman Berwirausaha*”, the author discusses how the Prophet saw the practice of buying and selling; The author responds from the example of the Apostle with a

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<sup>13</sup> Norvadewi, “Bisnis dalam Perspektif Islam” (Telaah Konsep, Prinsip dan Landasan Normatif), *Jurnal Al Tijary*, Vol. 01, No. 01, (Desember 2015)

<sup>14</sup> A. B. Yahya, “Etika Bisnis (Perilaku) Bisnis Rasulullah Muhammad SAW Sebagai Pedoman Berwirausaha,” *Jurnal Masharif al-Syariah: Jurnal Ekonomi dan Perbankan Syariah*, vol. 5, no. 1, 2020.

complete and endless secret figure explored and discussed by mankind so that the Prophet was able to turn the two holy cities of Mecca and Medina into a more ethical center of civilization and trade at that time.

Other articles by An Ras Try Astuti<sup>15</sup> with the title “Bisnis Halal dalam Perspektif Etika Islam: Kajian Teoritis”, It noted that, despite the fact that Islamic ethics are sometimes viewed as romantic, there is no difference between Islamic ethics and the ethical ideals of other religions. The fact that Islamic culture has been one of the most developed in the world for thousands of years shows that Islamic ideals, particularly ethics, can be applied in the real world. The adaptation and flexibility of Islamic ideals are also reflected in Islamic law. This is also following the hadith of the Prophet, which explains the three stages of faith: Islam, Iman, and Ihsan.

More posts by P Neiman,<sup>16</sup> with the title “A Social Contract for International Business Ethics”. This essay begins with a comprehensive overview of how establishing and justifying a social contract for international business ethics can be formed. Decision scenarios are made by examining the ideas of multinational companies and the international business sector. Then, these principles are presented in broad reflective balance with the moral considerations of international business ethics derived from international treaties, such as the United Nations Declaration of Human Rights,

There is still much work related to the above problem. However, the authors have not found any work that specifically addresses the issue of the application of international business ethics. The current work is related to taxes in general and has not explored business ethics in Islam.

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<sup>15</sup> A. R. Try Astuti and Ruqiah, “Bisnis Halal Dalam Perspektif Etika Islam: Kajian Teoritis,” *AL MA'ARIEF: Jurnal Pendidikan Sosial dan Budaya*, vol. 1, no. 2, 2020, doi: 10.35905/almaarief.v1i2.1139.

<sup>16</sup> P. Neiman, “A Social Contract for International Business Ethics,” *Journal of Business Ethics*, vol. 114, no. 1, 2013, doi: 10.1007/s10551-012-1332-4

## C. Method

This study uses a qualitative methodology to describe and analyze the function of Islamic business ethics in global (international) trade. A literature study was chosen as the data collection method for this research, which involves gathering information about the research from books, scientific journals, and other publications that are suitable to be used as research sources.

## D. Discussion

### 1. *Business Ethics*

According to its etymology, the term "ethics" comes from two Greek words: ethos and ethics. Ethos means the character, habit, or background of a person's habits. At the same time, Ethikos means decency, morals, virtue, and good deeds.<sup>17</sup> The study of ethics is part of the branch of science that studies the moral principles we uphold. The field of ethics aims to create and develop norms to be understood and justified.<sup>18</sup>

While a business can be said to be an economic activity concerned with the continuous and regular activities of production and distribution of goods and services to fulfill human wants, let us consider some definitions. First, according to David Needle (2010), business is an organized activity or effort of individuals to produce and provide goods and services (goods and services) to meet the community's needs. Second, according to Stephenson, business is "regular production or buying and selling of goods regularly," which is carried out to earn money and accumulate wealth through fulfilling human needs. Third, according to Dicksee, "Business refers to any activity that humans engage in to gain profit for the benefit of those who do it." Fourth, Lewis Henry defines business as "The

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<sup>17</sup>Laila Refiana Said, *Buku Ajar Etika Bisnis*. (Lakeisha, 2020).

<sup>18</sup>Laila Refiana Said, *Buku Ajar Etika Bisnis*. (Lakeisha, 2020).



human activity of acquiring wealth through the buying, selling, and production of goods.”

It is important to note that the term "business" can be used with different meanings; The meaning of business can be used to describe various activities that can be carried out by individuals or groups of people when individuals carry out certain activities regularly and earn a living which is known as work. Specifically, however, the business can be defined as any legitimate activity performed by humans that involves the regular production, purchase, and distribution of goods or providing services, transfers, and exchanges with objects for profit.<sup>19</sup>

Business ethics studies best practices for management and regulation, including universally accepted moral standards that affect the economy and society. Business actors consider the community’s interests and socio-cultural issues to achieve their goals.<sup>20</sup> The application of ethics in a business context is the focus of the field of business ethics. The study of moral principles as guidelines for doing business is known as business ethics. Ethical knowledge is needed in all areas of life, including the business sector. To exist, business needs ethics. For example, millennials like and respect manufacturers who run their businesses honestly. The current generation favors ethical businesses, such as those whose production techniques do not harm the environment or use animals in their experiments. Because ethical business is usually more profitable in the long run, ethics is needed in the business world. So businesses that operate ethically outlive those that don't. Customers, employees, and the wider community are stakeholders concerned with ethical issues.<sup>21</sup>

## **2. Islamic Business Ethics**

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<sup>19</sup>D Needle, J Burns - 2010 - edouniversity.edu.ng

<sup>20</sup>Budi Prihatminingtyas. *Etika Bisnis Suatu Pendekatan Dan Aplikasinya Terhadap Stakeholders*. (Penerbit: CV Irdh. 2019). p. 4

<sup>21</sup>Laila Refiana Said, *Buku Ajar Etika Bisnis*. (Penerbit Lakeisha, 2020). p. 5

Muhammad Djakfar's book on business ethics states that everyone who runs a business must adhere to Islamic business ethics, which is a moral standard based on the Qur'an and Hadith.<sup>22</sup> Islamic business ethics is the morality of running a business according to sharia principles, so there is no need to worry about how to run a business because it is considered something good and right.<sup>23</sup> Values that encourage human development are referred to as ethical, moral, ethical, or moral values, such as integrity, accuracy, justice, freedom, joy, and love. The application of these ethical principles will improve human nature as a whole.

Business ethics is applied ethics. The application of our moral principles to the various institutions, technologies, deals, undertakings, and activities we commonly refer to as business is known as business ethics. Before discussing the consequences for the business world, an analysis of business ethics must first provide a basic conceptual framework for understanding what is meant by the terms good and fair. Ethics and Business provides a basis for assessing ethical dilemmas by explaining broad business ethics, its general position in business, and some specific methods of dealing with business ethics. Thus, trade in Islam is positioned as a human effort to seek the pleasure of Allah SWT. The business has short term and long-term goals, including personal and social responsibility in front of other people, society, government, and Allah SWT. Business is not short-term, individual, or only based on mathematical calculations.<sup>24</sup>

The following are the principles of Islamic business ethics as stated by the Prophet Muhammad: First, the Qur'an emphasizes honesty (transparency), saying that "and perfect measure and balance with justice" (Q.S. Al-An'am: 152) Not lying, not falsifying, based on the truth, not treasonous, and not breaking commitments.

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<sup>22</sup>Muhammad Djakfar, *Etika Bisnis*, (Jakarta: Penebar Plus, 2012), p. 29.

<sup>23</sup>Ali Hasan, *Manajemen Bisnis Syariah*, (Jakarta: Pustaka Pelajar, 2015). P. 171.

<sup>24</sup>Darmawati, *Etika Bisnis Dalam Perspektif Islam*

Second, Amanah, in this case, “Maintaining consumer trust and good relations with company stakeholders. (Q.S. An Nisa: 58). Third, avoid fraud; The market is considered a place of lies and deceit, greed, false promises, and bad patterns of human behavior. So be careful when shopping. “The best place is the mosque, and the worst place is the market” (H.R. Tabrani). Fourth, keep promises. In addition, a trader must be able to keep his promise to Allah SWT. To the buyer, for example, on-time delivery and delivery of goods according to his promise to Allah SWT. It is also easy for merchants to always keep their promises to customers and fellow merchants. Al Jumuah QS: 10-11. Fifth, Generous, "Allah has mercy on His generous servant when he sells, buys, and or demands rights" (H.R Bukhari). Generosity in running a business means having a generous attitude, such as being friendly, kind, polite, and willing to compromise but still full of responsibility. Customer satisfaction is based on the quality of the goods we supply and how we deliver them.

Meanwhile, according to Imaddudin (2007: 156),<sup>25</sup> There are five basic ethical principles in Islamic ethics, namely: truth, virtue, and honesty (truth, kindness, honesty), responsibility (responsibility), free will (free will), balance (equilibrium), and unity (unity). The above principles are explained as follows:

First, truth: Integrity and virtue (truth, kindness, honesty). Truth, in this case, has two types of components, goodness, and honesty, in addition to the definition of truth as opposed to wrong. Righteousness is defined as having the right intentions, attitudes, and actions in a business context, which includes making contracts (transactions), seeking or acquiring development commodities, and achieving or determining profits. Regarding the potential loss of one of the parties in a commercial transaction, cooperation, or agreement, Islamic business ethics is very protective and takes preventive action.

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<sup>25</sup>Imaduddin Abu A Fida, *Tafsir Juz Amma* (Jakarta: Pustaka Azzam, 2007), p. 60.

Second, responsibility (Responsibility) Humans cannot have unlimited freedom because they do not demand responsibility. Humans must be logically responsible for their activities to meet the demands of justice and unity. The concept of free will is closely related to this one. Holding them accountable for everything they do limits what humans can do.<sup>26</sup>

Third, free will, namely freedom, is an important fragment in Islamic business ethical values, but this freedom must not sacrifice group interests or common interests. Individual preferences are completely open. People are encouraged to actively work and use their full potential when there are no economic restrictions for an individual. Everyone's commitment to their people through zakat, infaq, and alms regulates the human desire always to fulfill unlimited personal needs.

Fourth, balance (Equilibrium / Fair) that Islam forbids fraud or other forms of injustice and strongly recommends being fair in business. Allah sent the apostles to establish justice. This is a serious occurrence for scammers, namely those who ask for refills when receiving a measure from someone else but always deduct it when weighing or measuring for someone else. Since trust is essential to a successful business relationship, cheating in business is a warning that the company is about to collapse. And the correct dose, do not commit fraud by reducing the dose, etc. In Surah Al Isra verse 35, it is explained that Allah SWT says, which means: And finish the measure if you weigh and weigh with the right scales. That's more important (to you) and better as a result.

*Fifth*, Tawhid (or unity). In this matter, unity is symbolized by monotheism, which unites all aspects of Muslim life—including those related to the economic, political, and social spheres—into a unified and emphasized unit. On the idea of consistency and order as a whole. Islam promises social, economic, and religious

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<sup>26</sup>Darmawati, "Etika Bisnis Dalam Perspektif Islam: Eksplorasi Prinsip Etis Al Qur'an Dan Sunnah", *Madzab Jurnal Pemikiran Hukum Islam*, Vol. 11, No. 1 (Juni 2013). p. 64

unification based on this idea to create harmony. Based on this theory, ethics and trade are intertwined vertically and horizontally, resulting in important similarities in the Islamic system.<sup>27</sup>

Therefore, Islamic business ethics can be concluded as a good or bad value that humans must uphold when conducting exchanges or other economic activities. The role of business people as producers is very important in running an Islamic business.

### **3. *International Business***

International business includes the cross-border exchange of goods, services, or resources between two or more countries. These exchanges may go beyond the exchange of money for physical goods to include international transfers of other resources, such as people, intellectual property (e.g., patents, copyrights, trademarks, and data), and contractual assets or obligations (e.g., the right to use some assets). Foreign customers, provide some future service to foreign customers, or execute complex financial instruments). Entities involved in international business range from large multinational corporations with thousands of employees doing business in many countries worldwide to small, single-person companies acting as importers or exporters. This broader definition of international business also includes cross-border for-profit transactions and transactions motivated by the non-financial gain (e.g., triple bottom line, corporate social responsibility, and political favors) that affect the future of business.<sup>28</sup>

As defined by John D. Daniels (2013), international business is any business transaction involving two or more countries. Griffin & Pustay (1996) describe how transactions involving partners from different countries constitute an international business. Individuals, specific companies, groups of companies, or government

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<sup>27</sup>Syed Nawab Naqvi, "Ethic and Economics: An Islamic Synthesis", trans. Husin Anis: *Ethics and Economics An Islamic Synthesis*. (Bandung: Mizan, 1993), p. 50-51

<sup>28</sup>Sanjot P Dunung, Atma, Global, International Business, (Saylor Publisher, 2011).

entities/institutions can all be parties to the transaction. Due to the increasing extent of business involving two or more countries, and to avoid the emergence of fraud or other things that can cause conflict, business ethics is needed to ensure the good running of the global economy. Meanwhile, international business, as defined by Cavusgil (2008), is transnational trade and business investment between countries. Along with the market expansion brought about by globalization, international commercial activity is growing.<sup>29</sup>

The relationship between ethics and international business is a deep and natural one. Definitions of ethics and ethical behavior seem to have strong historical and cultural roots that differ in every region and country. The field of ethics is a branch of philosophy that seeks virtue. Ethics is concerned with the morality of what is considered “right” and “wrong” behavior for people in various situations. While business ethics emerged as a field of science in the 1970s, and international business ethics did not emerge again until the late 1990s. Initially, it looks back on the growth of international business ethics in the late 1970s and 1980s, such as the Bhopal disaster in India or the infant formula debate in Africa.<sup>30</sup> International trade and investment are the two most traditional forms of global business. The exchange of goods and services across international borders is referred to as international trade. Both goods and services are involved in this trade. Exports and imports are also forms of exchange in international trade.<sup>31</sup>

Trade between countries serves as the basis of international commercial activity. This happens because no single nation in the world can fully fulfill the wishes of its citizens. If we go back further, trade took place between kingdoms during the era of empires, not only between countries but even between continents, indicating that international business operations have existed since then. Today,

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<sup>29</sup>Kartawinata, Rustandi, Budi, Wardhana, Aditya, dan Syahputra, *Bisnis Internasional*. (Bandung: PT Karya Manunggal Lithomas, 2014).

<sup>30</sup>Sanjyot P Dunung, Atma, Global, *International Business*, (Saylor Publisher, 2011)

<sup>31</sup>Kartawinata, Rustandi, Budi, Wardhana, Aditya, dan Syahputra, *Bisnis Internasional*

export-import is a general term that describes trade between these countries. While import is the purchase of foreign goods for domestic consumption, export refers to selling domestic products abroad. There are two categories of trade involved in export-import activities: (1) Physical Trade, which involves trading in tangible commodities and goods such as apparel, electronics, and raw materials. (2) Intangible trade is the exchange of intangible goods and services, such as the operation of financial services. Companies that engage in international business usually do so in stages, moving from the most basic stage, which carries little risk, to the most complex level, which carries a large amount of business risk.<sup>32</sup>

#### ***4. Principles of Islamic Business Ethics and Its Application in International Business***

From the Islamic perspective, trade is one aspect of life classified as a muamalah situation. Muamalah is a term for using horizontal relationships in everyday life. In Islam, running a business also has a strong relationship with engaging in individual transactions in the real world until Islam explains that the main indicator of economic success is not growth but welfare and equality of the people.<sup>33</sup>

International marketers should not challenge the Islamic mindset based on faith and divinity, and strict adherence to the Islamic ethical framework will facilitate the success of international marketing activities in Muslim societies. Certain countries, such as Malaysia and Saudi Arabia, have implemented a strict code of ethics established by the Islamic holy book (Qur'an) in all walks of life, including international trade. This appreciation of morality and ethics from an

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<sup>32</sup>Kartawinata, Rustandi, Budi, Wardhana, Aditya, dan Syahputra, *Bisnis Internasional*

<sup>33</sup>Norvadewi, "Bisnis Dalam Perspektif Islam (Telaah Konsep, Prinsip dan Landasan Normatif)", *Jurnal Al-Tijary*, Vol. 01, No. 01, Desember 2015.

Islamic perspective will help multinational companies to succeed in the international market, where an Islamic perspective is the hallmark of success.<sup>34</sup>

Islam introduces the idea of global trade ethics to people. The Qur'anic guidance on the concept of Islamic business ethics is very clear concerning how commerce is viewed; Trade, according to the Qur'an, is not only about seeking short-term material gains but also about seeking immaterial profits, which has a positive effect on both traders and consumers.<sup>35</sup> Due to the fierce competition faced by international economic activities in this era of globalization, the principles of moral ethics are often ignored. To deal with this, Islamic Business Ethics needs to be applied as a guideline in international trade such as the following examples of companies that are considered to have implemented Islamic business ethics on an international scale, namely Haute Hijab, which has grown over the last five years to become one of the largest simple fashion platforms in the world, while also made deep inroads in the US fashion industry for having embraced simple fashion over the last few years. Founded by husband and wife team Melanie Elturk and Ahmed Zedan, they have raised \$2.3 million for their company and recently launched their sports hijab featuring basketball player and activist Bilqis Abdul Qadir.

Next is Wahid Invest, a sizable business enterprise with more than 100 employees spread across New York, London, Dubai, and Singapore, with nearly 40 million dollars raised in venture capital funding. When is the world's first automated Islamic investment platform? It is rapidly growing into the world's largest Islamic FinTech platform, with the platform currently available in the US, UK, and Malaysia. They have also just announced that they have acquired the UK-based

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<sup>34</sup>Saeed, Mohammad and Ahmed, Zafar U. "An Islamic Framework for International Marketing Ethics". In Brij Nino Kumar and Horst Steinmann (ed) *Ethics in International Management*, (Berlin, Boston: De Gruyter, 2015), p. 341-366.

<sup>35</sup>Fazlur Rahman, *Metode Dan Alternatif Neomodernisme Islam Fazlurrahman*, taufik adnan amal (penyunting), (bandung: mizan, 1992), p. 66.



Islamic challenger bank, Niyah.<sup>36</sup> Next, there is Tasnee, which acts as the first private sector joint-stock industrial company in Saudi Arabia; Tasnee was founded in 1985 with the belief that Saudi Arabia needs economic diversification towards the end of the millennium. Today, Tasnee is one of the largest industrial companies in Saudi Arabia and one of the largest titanium dioxide producers in the world, which supports its commitment to sustainable growth commensurate with profit. Its operate primarily concerned with chemical, plastics, and metal manufacturing, industrial services, and environmental technology. London-based company Islamic GPS also develops apps that use augmented reality to help users find mosques and important Islamic sites and landmarks worldwide. Those who install the app on their phone can hold their device, so they will be given the location of the nearest mosque within 20 km and directions. If it is a landmark, the app will also provide information related to its history and cultural significator to teach Muslim history using modern technology. Founded by Ikbal Hussain in 2016, its augmented reality feature provides users with a live view of the location presented using GPS data.<sup>37</sup>

### **E. Conclusion**

The importance of social responsibility in global business cannot be overstated. Therefore, businesses must win customers' trust by helping them succeed and giving them access to their rights as consumers. Companies operating on a global scale must also promote the overall social welfare of the country's residents by treating corporate shareholders and the environment responsibly. Because consumer perceptions of a company are shaped by all business activities carried out to build consumer value and trust in the company, consumer perceptions of a company are used to build the image of the company.

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<sup>36</sup>Felix Todd, "Muslim businesses: Top Companies and Start-ups Orientated around Islamic Culture, (NS Business, 2018)

<sup>37</sup>Felix Todd, "Muslim businesses: Top Companies and Start-ups Orientated around Islamic Culture, (NS Business, 2018).

Islam views business as the most effective path to prosperity. Therefore, all commercial operations must be carried out with the right ethics and in the best way, such as refraining from engaging in fraud, usury, fraud, and other acts of injustice. Understanding ethical values in business and how one sees oneself when dealing with good and bad, legal and illegal, is essential to understanding ethical standards in the business.

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